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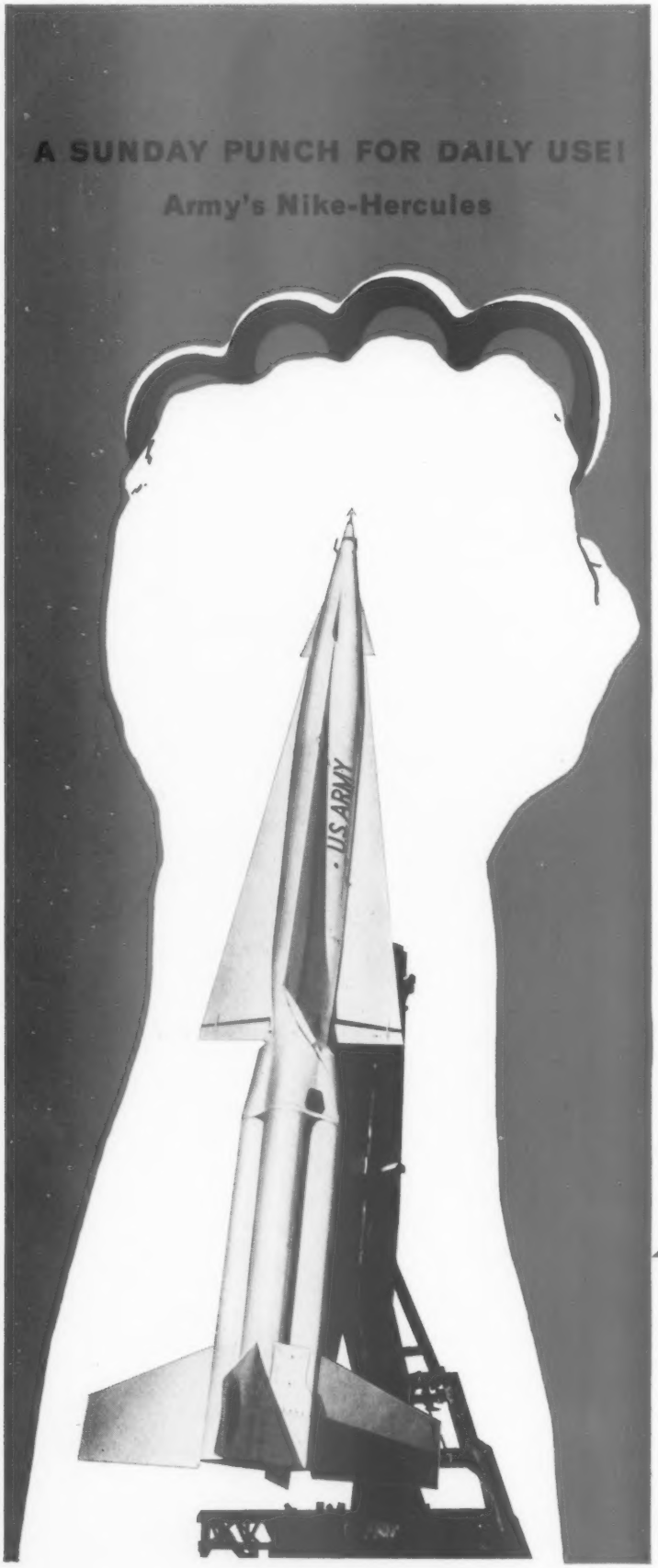

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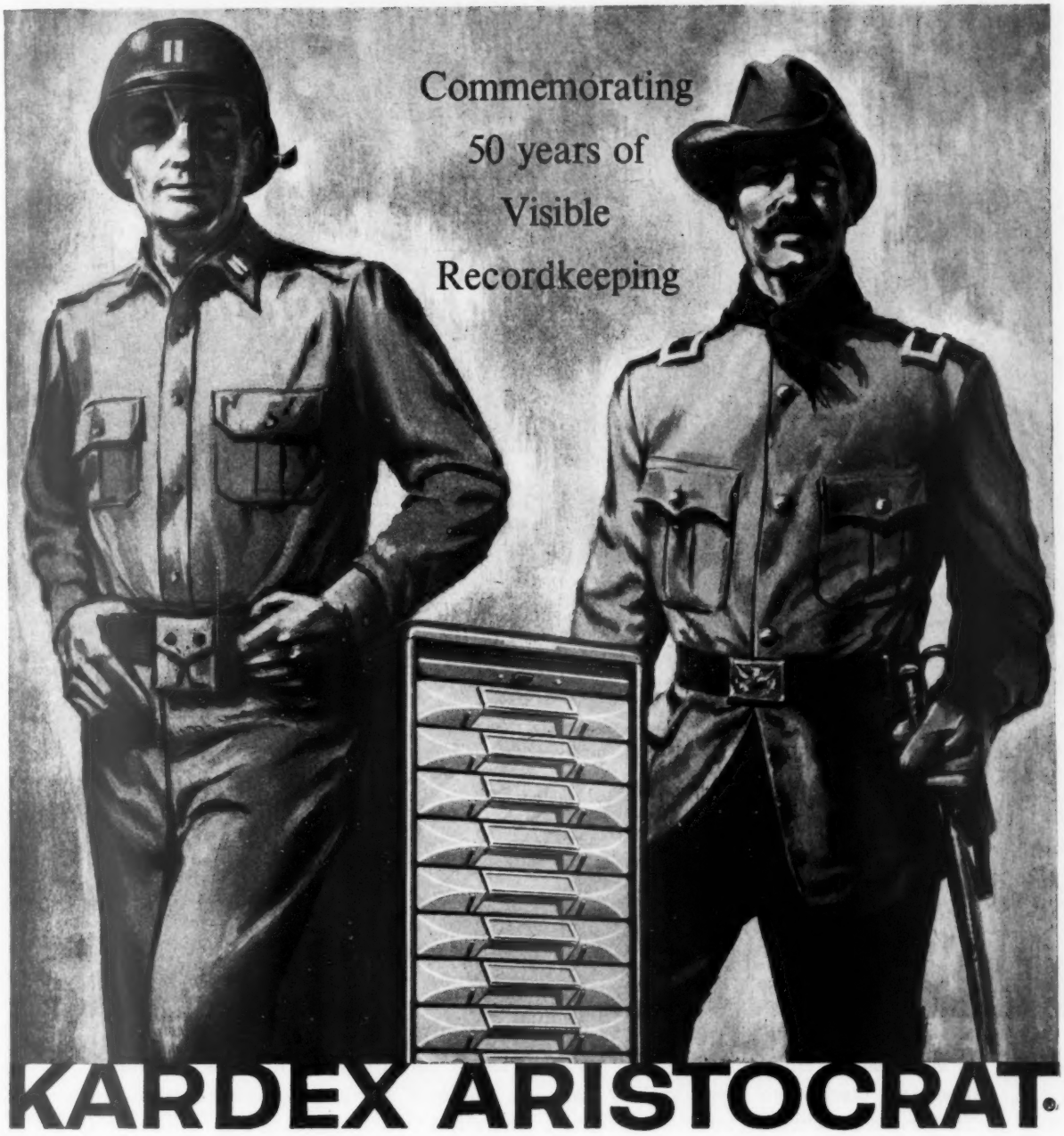

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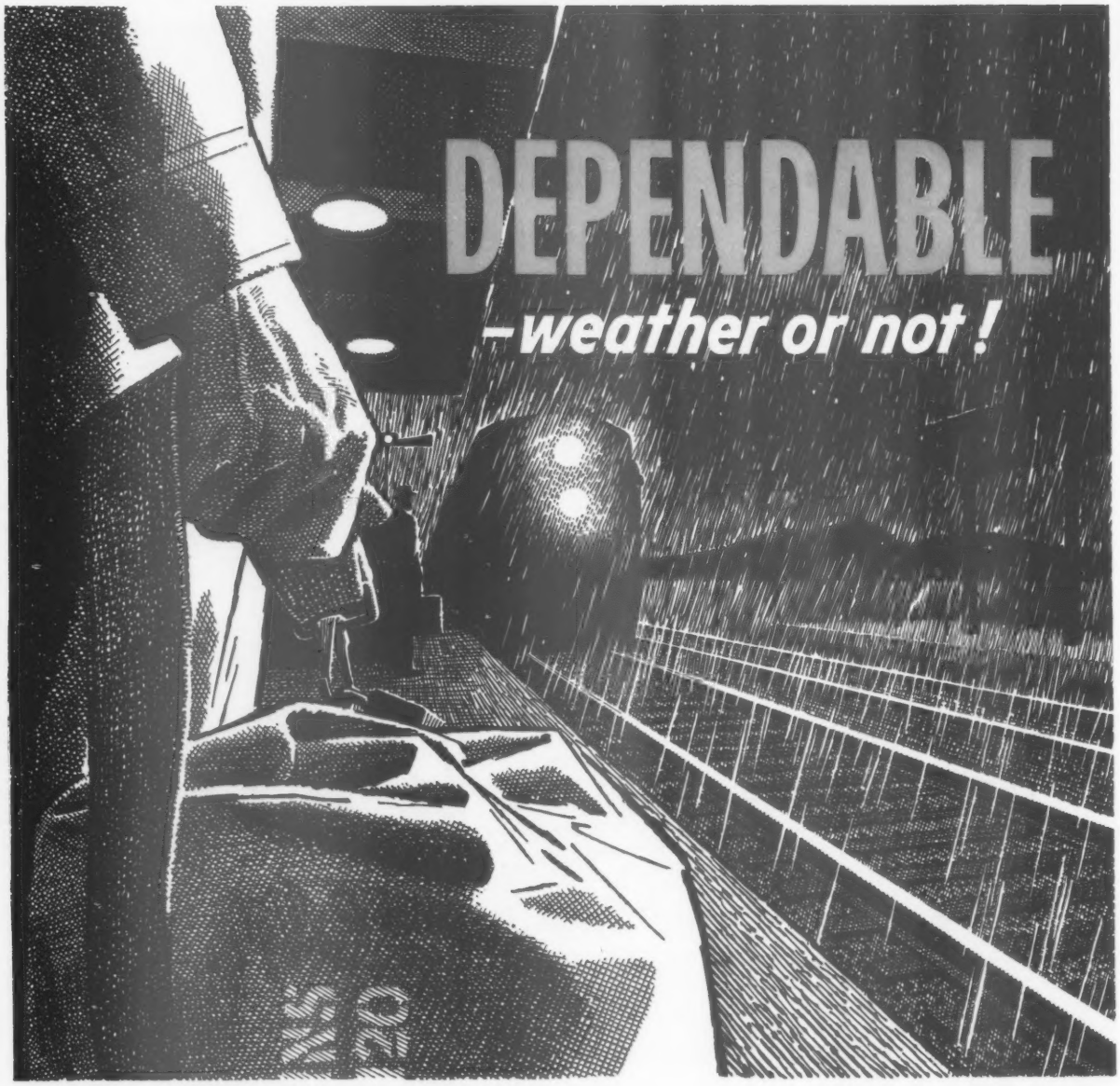

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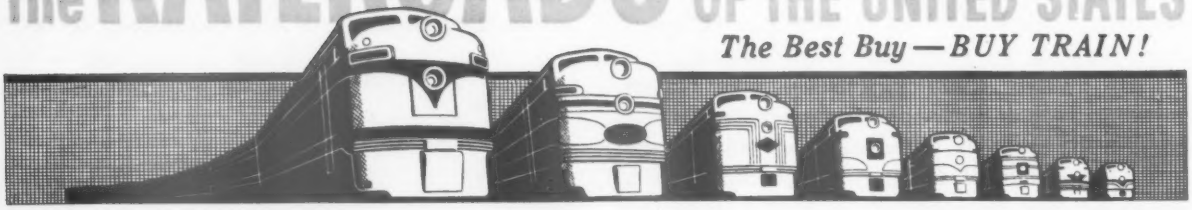

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Business Office: Larry Brettner, Circulation Director; Geneva C. Kinnaird, Circulation Fulfillment Manager; Betty Selby, Advertising Service Manager.

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ARMED FORCES Management

PUBLISHED FOR THE ARMY, NAVY, AIR FORCE, COAST GUARD AND MARINE CORPS

NOVEMBER, 1957

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ARMED FORCES MANAGEMENT **Volume 4—No. 2**

Roy B. Southworth, Executive Director

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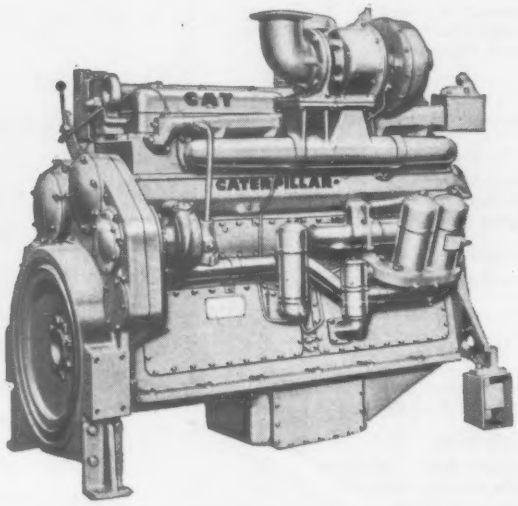

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Reorganization is not the Best Answer

THE difficulties of problem-solving and management would be eased considerably if it were true that reorganization will solve all problems. Unfortunately, one of the marks of unsound management is support of the "law" which says: "To solve a new problem of any size, change the organizational structure."

Organization charts do not solve problems. *People* do.

With recent Russian publicity about scientific advances, there have been demands for a change in our military setup. Interservice rivalry has been one of the most often stated reasons the U.S. didn't put a satellite in the air first.

For a variety of reasons, most of them emotional, half-informed persons in responsible places see the single military service as the only way to recover "lost" ground, *i.e.*, reorganization. ARMED FORCES MANAGEMENT has yet to read of anyone, other than Vice President Nixon, saying the *people* assigned the job are going to have to roll up their sleeves and try harder.

For that matter, none of the single service advocates has come up with any suggestion on what form the proposed "Defense Service" should take. Is it logical to assume that changing the names of Army, Navy and Air Forces to Land, Sea and Air Service is going to eliminate the pride of, for instance, an Air Service man in the importance of his contribution to national security? Will the single service ease the requirements for military capabilities in the three elements? Will the problems of running the biggest business in the world become simpler because the business would have a single service title? None of its advocates has advanced any fact-supported reason why it should.

On the other hand, key people who, significantly, have been working with the present Department of Defense setup are opposed to a single service. Basically, they say a change to a single service organization is very unlikely to solve the big problems any better; and even if it would do the job as well, it would require even greater sacrifice than the present system.

One of the best and most succinct arguments against a change in organization was voiced recently by Secretary of the Navy Thomas S. Gates, Jr. In part here's what he had to say:

". . . This brings up the question of better organization and/or more unification. There will always be changes in organization but there are certain fundamentals and principles to remember when changes occur. No two persons, much less no two services, believe that we have the same defense needs. There must be honest differences of opinion and free expression. To submerge these differences of opinion in any monolithic system would be a fatal mistake. It is as vital to have different services in our Department of Defense as it is vital to have an executive, a legislative, and a judicial branch in our federal government.

"The defense establishment has been reorganized three times within the past 10 years. The stated purpose of each of these three reorganizations was to achieve: (1) better unification, (2) more economy and efficiency, and, (3) elimination of waste and duplication.

"Now, again, some people, wholly uninformed and looking for easy answers to gigantic problems, are talking the same way. I would ask these persons or organizations to remember the purpose of the military service. The services exist to preserve the peace through a policy of strength, to fight if they must, and then to win. Everything they do is, in a sense, wasted. At least we hope it is, because we hope never to put the military machine to work at war. All-out general war today could mean the end of our civilization.

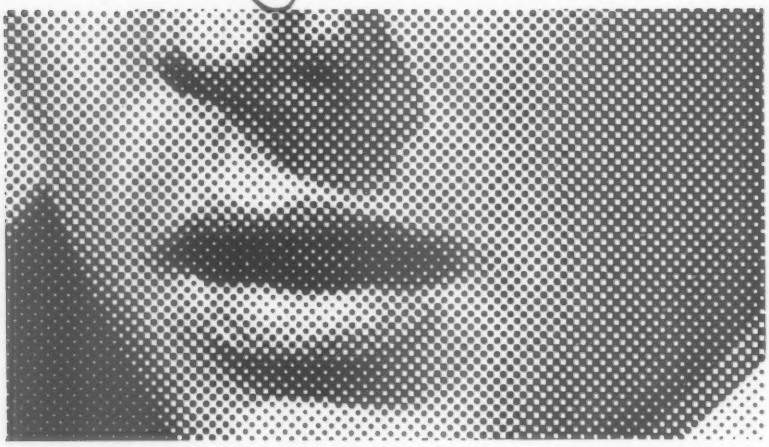
"If you will remember the reason for the existence of our military establishment, and put it in context, then you can insist within this framework that it be as efficient and well-run as possible.

"There is nothing wrong with the organization, basically and admittedly. Any organization can be improved. However, no cure-alls like a single service or great power to a single chairman of the Joint Chiefs of Staff or a fourth service of supply will do anything more than bring the problems under layers of paper. They will not go away. We will eliminate some useful competition and the decentralization vital to any big organization and some democratic ideals of government if we believe such nonsense.

"Duplication must not be confused with the many ways needed to project U.S. power from land, sea, and air. Under many different conditions, these choices must be always available to our country.

"It is easy to fall into the habit of blaming the organization. Even the best organization in the world will not work well unless it is composed of good people and there is loyalty and willingness to make it work. Our present organization is continually effecting better joint use of facilities and better use of common services. Progress has been made in coordinated purchasing, cross servicing, and improving the financial tools of management.

"What we *do* need is better understanding. We must bring into being a clear understanding of our needs, methods, and purposes to all the people who vote, pay taxes and are entitled to know fully what is happening to their money, why it is necessary to spend it, and are convinced that it is being well spent."



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DENVILLE, NEW JERSEY

By Thomas S. Gates, Jr.
Secretary of the Navy

Management Improvement In the Navy

. . . . . It's an absolute necessity.

TODAY'S "New Navy," one of atomic-powered craft and atomic depth charges, guided missiles, Vanguard launchers and a jet-propelled air arm, demands its managers be able to adjust quickly to fast-changing operational requirements. This prerequisite keeps all hands in pace with, and even ahead of, the technological advances projected so rapidly on the world-wide scene.

Paralleling this, there's widespread revolution going on within the United States Navy. Not the wild, unprincipled mutiny that is portrayed so vividly in fiction articles about navies, but a well-planned effort to attain exemplary improvements in its management. It is evident everywhere—in the office, the shipyard, the air station and in scientific research laboratories. Above all, it is foremost in the minds and actions of those who manage the units and components of the largest industrial organization in the world—larger by far than any five of the largest corporations in the United States.

At sea, it's a changeover from oil to nuclear power; *in the air,* from propeller to jet propulsion and missiles by remote control; *on the ground,* at our shore activities throughout the world, from manual processes to mechanized office techniques and new concepts in the area of management information by electronics.

Why It's Needed

In this dramatic era, the Navy is relentlessly searching to use the most advanced measures in business and scientific applications to continually forge ahead. This is as it must be since Navy has more than 550,000 military and civilian personnel in the shore establishment and tangible assets worth over $15 billion. A typical shipyard commander, for example, has about 10,000 personnel and all the facets of management responsibility, *e.g.*, production, finance, supply, labor relations, facilities management, etc.

Running a big business such as this, the Navy manager copes with conflicting demands and interests in striving for management improvement—for instance, stepping-up production with less personnel and operating funds; a program of austerity imposed in face of objection; the voluminous requirements of bureaus and offices, the by-product of "management" versus "technical" control.

Then, there are those technological advances by which a new military idea affects a whole chain of events. A further complication is the rotation of military personnel and the "pirating" of civilian scientific and professional management personnel by private industry. This, coupled with a frequent lack of adequate information, makes the Navy manager's job one of tremendous challenges. It becomes imperative that he employ only the most economical and best methods and procedures to accomplish the tasks. *Management improvement,* as a result, *becomes unavoidable. It's an absolute necessity.*

How Navy Manages

Improving management is a vital aspect of the total job of managing. From the commanding officer down, Navy managers feel the pressure of increased demands upon them

for more and more work of higher quality produced by fewer personnel at less total cost. They know these demands cannot be met simply by ordering personnel to work harder with greater care. They fully recognize that these demands spell out for them in CAPITAL letters the urgent necessity for *management improvement on a big scale.*

They know that management improvement means to eliminate the unessential tasks, simplify the methods and procedures, install labor-saving devices and punched card and electronic data-processing equipment, streamline organization and cut paperwork.

To put management improvement projects into effect, the Navy manager creates for himself and others the management climate. Without question, the commanding officer must possess this favorable attitude before he can make a favorable climate available to others in his organization.

Along with this, the management bureau must give the commanding officer a full understanding of his job. He must have no doubt in his mind as to what he is expected to do and accomplish, no misgivings as to the support he will receive, and no misapprehension as to his authority.

Only then can the Navy manager convey to his subordinate managers his objectives, plans and policies in support of the activity's mission. Only then can he say what he expects. Only then can a management staff fulfill the needs of management and provide full and well-rounded service to line management. Only then can our potential for improvement reach fruition and cause refinements and economies to be made in all areas of management's need.

How Navy Improves

Management improvement has become a full-time job for every manager. Every manager knows this. His dilemma lies in the fact that just making his operating decisions continues to be (as it always has been) a full-time job. Simple arithmetic tells the manager there aren't enough hours in the day to do both jobs. Simple logic tells him what the end result will be if he neglects either job.

The answer to this seeming riddle is, of course, to use the management staff. Such a staff is included in the organization of nearly every large- and medium-size naval activity.

The Navy management staff at a naval activity:

1. Serves as the advisor to the commanding officer on matters which pertain to the effectiveness, efficiency and economy with which the station is managed and operated.
2. Seeks constantly, on its own initiative, ways in which practical improvements may be made in the station's organization, management systems, methods and procedures and its facilities and equipment.
3. Assists the commanding officer's subordinate line managers in solving their specific management problems and in developing programs of management improvement.
4. Installs, or assists in the installation of, approved management improvements.

First and last, the management staff works for the commanding officer. It must think as the commanding officer would think, with station-wide perspective. The staff may be called upon to advise, in rapid succession, on a limitless variety of management matters. Questions range from the relative merits of two forms of organization or the potential of an electronic computer to why it took two days to get a memorandum from one office to another.

The management staff is most effective when used as a "consultant" on Navy's management improvement efforts, devising methods for making improvements and providing the line manager with the assistance and training necessary for their implementation. This is as it must be since Navy subscribes to the principle that *management improvement* is a *line responsibility.*

Better Management In Action

The Navy considers that there are four large areas of management-improvement need which transcend functional and organizational lines. These areas require our continuing management improvement attention and are office methods and systems, organizational analysis, industrial methods and mechanization of business systems.

We feel that our needs and problems in the four management areas are best served by a three-fold approach which embraces (1) the formal management program, (2) individual management surveys and studies and (3) do it yourself. We feel that Navy's needs are best fulfilled by all three approaches rather than concentration on a single endeavor. Our philosophy is that, whenever possible, management improvements should be installed by those who are going to use them. In this manner, the understanding and acceptance of change is facilitated by personal participation in the job of setting up something new.

Keeping On Course

The one path to oblivion in any organization is to stand still. In Navy, we are constantly looking for ways to change our emphasis, adjust our sights and use new management techniques to best advantage. With respect to tomorrow, next year, the years ahead, the job is two-fold. First, we must constantly urge others to consider new ideas, sometimes radical concepts and unprecedented methods. Secondly, and just as important, all of us in Navy must become management improvement minded.

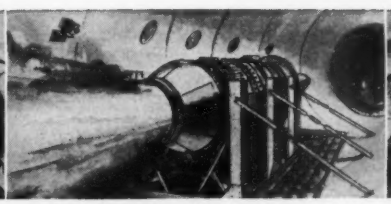
With this in mind, Navy's management improvement efforts will progress with celerity and dispatch. Today's "New Navy" has competency and capabilities surpassing the wildest dreams of a decade ago. We know our efforts will be successful.

Testing and Evaluation In Today's Navy

An example of the new tactical capabilities of todays' Navy is depicted in the test and evaluation, shown here, of Terrier guided missiles being fired at sea from the deck of the U.S.S. Mississippi. Destroyer Drause is in background.

MIRACLE IN MINIATURE

Observation and control of amphibious and airborne landings.



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By means of a transistorized circuit and the new RCA half-inch Vidicon, the "Telemite" actually surpasses standard Vidicon-type industrial TV cameras in sensitivity. It produces clear, contrasty pictures with a scene illumination of 10-foot candles or less.

The "Telemite" operates with up to 200 feet of cable between it and the control monitor, and this distance can be further extended by using a repeater amplifier. This is the first TV camera to employ photoelectric sensitivity control, which provides automatic adaptation to widely varying scene illumination.

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The Nuclear Navy —

Sea Power for Peace

THIS article is an excerpt from a Navy briefing script on sea power. In the script, the first paragraph said:

"As a prelude to the presentation, we would like to emphasize that the Navy believes in the need for a strong Navy, a strong Army, and a strong Air Force—all working together as a national defense team. However, since this presentation deals primarily with the Navy, the capabilities, missions and functions of sea power will be of principal concern."

In strength lies security. The Soviet Union respects strength—and strength alone. It thrives on weaklings. Never before in the history of the United States has strength at sea meant so much.

The Soviet Union is now embarked on a course which, if successful, will ultimately lead to world domination. She is on the first leg of this voyage. Her first target is the consolidation of her position on the Eurasian Continent. Thus far, she has demonstrated every trick of the conqueror's trade including diplomatic, political and economic pressures, infiltration, fifth column tactics and subversion. She has demonstrated her willingness to fight by proxy and to go to war if it will best serve her purposes.

Therefore, the United States is faced with three factors over which it has little or no control. First are the global ambitions of the men in the Kremlin; second, for the first time in our nation's history the United States is subject to direct attack from across the polar cap by the air armies of the Soviet Union and from the oceans by the Soviet submarine navy; and third, it is caught in the vortex of an era of rapidly advancing weapon systems which, by their nature, require that navies play an increasingly active part.

All these factors combine to make sea power more important to the nation than it has ever been in the past. Sea power makes it possible for the United States and its free world partners to exercise control of the seas. Sea power gives the free world freedom to form oceanic coalitions, freedom to disperse under atomic threat, freedom to move, to strike back, to concentrate power when it is needed where it is needed—in Jordan, Suez, Korea or any area threatened by the Soviet shadow.

The United States is the acknowledged keystone of a structure made up of some 50 independent nations which include not only more than half the land mass but also more than half the people in the world.

The United States is involved in the defense of some 60 nations, either by direct treaty or by military assistance agreements. Military assistance agreements do not bind the country to go to war but there is a strong moral obligation to do so. The majority of the free world nations border on the oceans. In effect, they form oceanic coalitions made possible by the U.S. Navy's blue water capabilities. In the execution of our national policy, the nation needs a strong, modern Navy comprising the latest ships, planes and highly trained men to do a job which, in many aspects, is peculiar to naval power alone.

The free world nations ring the Eurasian Continent. They virtually surround the Soviet Union. In any effort to wage aggressive war in any direction, the Soviet Union immediately becomes involved with the United States. This is a different story than existed prior to World Wars I and II, when the Kaiser and Hitler waged aggressive war for some time before the United States became actually involved.

For the first time, too, we face a potential enemy of vast resources whose program for world domination is spaced in decades—perhaps centuries—and who looks on the United States as the continuous and most formidable obstacle to the attainment of its ambitions. The Soviet Union believes that the end justifies any means and she utilizes any trick to advance her world-wide objectives. She is not in a hurry. Decades, generations, or even centuries mean less to the Soviet Government than to the free world.

The Navy must face the realities of constant crises and threats of war (since V-J Day there have been more than 20), of localized or limited shooting wars (in the past six years there have been more than 10), and, finally, the possibility of all-out nuclear war (which could be launched in a matter of hours). In connection with the inevitability of all-out nuclear war, there is this point to consider: Should such an exchange take place, the devastation might result in mutual extinction, making it possible for a third power to rise to leadership in world affairs. This obviously contravenes the Soviet plan for world domination. She is not likely to risk her long-range goals in such a suicidal venture.

Never before has naval leadership had to look so far into the future and yet be ready to meet a flash from trouble spots all over the world.

Today the Navy has more jobs to do, of greater variety, in more widely scattered areas, of more immediate impact on world affairs and involving more nations than ever before in naval history. They can fight either a conventional or nuclear war with equal facility, but the most significant fact is that the United States, in its own national policy, can use the Navy to apply diplomatic pressure any place in the world where trouble may appear to exist readily, economically, and without necessarily committing the country to war. This pressure can be applied with the nicest degree of control and timing, safely and precisely at any time, and at virtually any place. This is the significance of mobility of the oceans and its impact on modern warfare.

The Navy and Marine Corps also engage in every facet of modern warfare—in the air, on the surface, under the sea, and into the area of land power through the medium of amphibious operations.

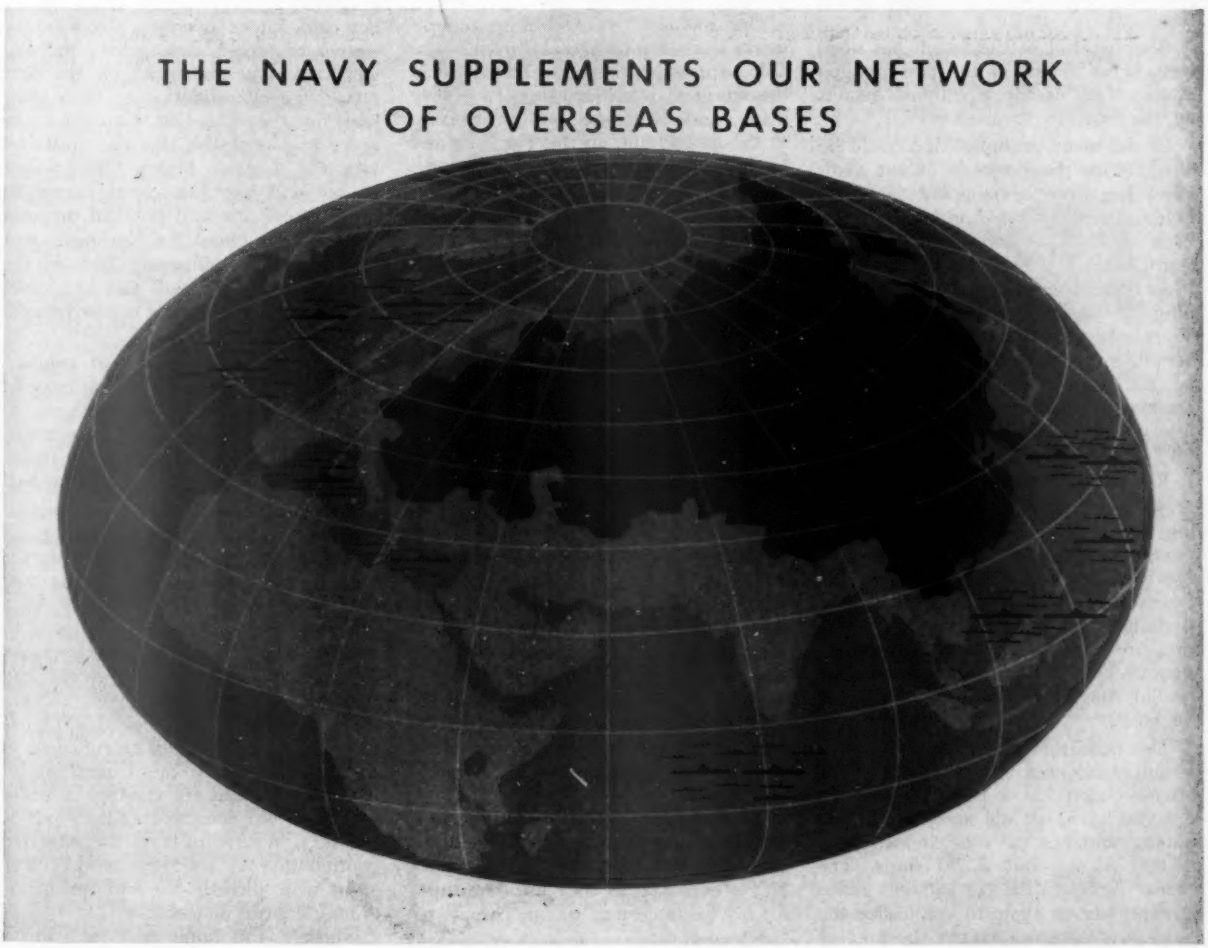
On the sea—At the present time, we are incorporating into the fleet the latest guided missile weapon systems and the latest antisubmarine-warfare weapon systems.

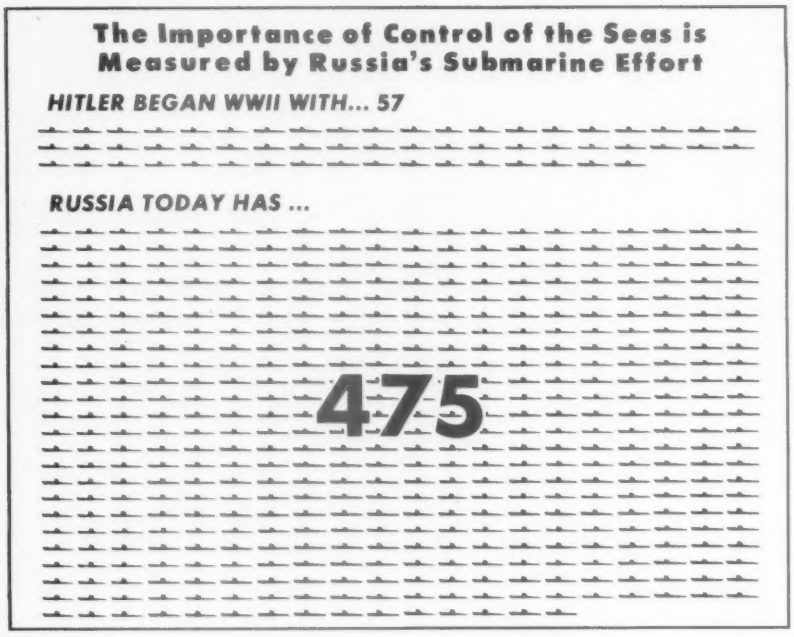
Under the sea—the USS *Nautilus* has exceeded our fondest hopes in operational capability, having steamed over 60,000 miles without the need for refueling.

In the air—the carrier is the foundation of naval power. It provides the only system of mobile bases for planes today, and it can be stated unequivocally that it is the single most important type of ship in the fleet.

On the land—the Navy coordinates with the Marine Corps in setting the pace for atomic-age amphibious operations the world over.

In this concept of vertical envelopment (after the fast carrier striking forces, through the medium of naval and marine air, have established control of the air) the first amphibious assault waves are put ashore from helicopters behind the enemy lines. The advantages that accrue from this concept are several: these helicopters come from ships at sea which can operate outside of mineable waters; second, these ships can be dispersed so as to minimize the effect of atomic bombing; and, third, we achieve true mobility in future amphibious operations since the assault waves can be put ashore without reference to the characteristics of the beach. Once




The Importance of Control of the Seas is Measured by Russia's Submarine Effort
HITLER BEGAN WWII WITH... 57
RUSSIA TODAY HAS ...
475

ashore the helicopters give our Marines the ability to concentrate or disperse depending on the tactical situation.

After control of the beach has been won, or as a part of the two-pronged attack, there is the traditional assault on the beaches themselves.

Of the many examples that could be cited, twice the presence of our Sixth Fleet has been a dominant factor in holding the Soviet Union back. As far back as 1948, in support of the Truman Doctrine, the presence of the Sixth Fleet was of great importance in stopping the Communist thrust in Greece. As recently as 1956, during the Suez action, and again in 1957 during the Jordan crisis, the Sixth Fleet was, and remains, a dominant factor in preventing minor brush fires from erupting into global conflagrations.

For meeting war threats or fighting limited wars, naval and marine striking power is indispensable. A fleet-in-being can move quickly and surround the trouble spots. The mobility of the Seventh Fleet in the Western Pacific permits the United States to apply pressure quickly, precisely, and in the quantity desired, anywhere from Korea to Singapore within a matter of 24 hours.

The peacetime Soviet war machine is unprecedented in magnitude. The Soviet Union has a land army of 2,500,000 men, an air army of 24,000 planes, and her navy is comprised of 35,000 planes and 2,700 ships. The recent acceleration of Soviet naval strength serves again to emphasize the increasing appreciation on the part of the Soviet high command of the value of naval power in projecting and attaining her national aims.

Our nation's responsibilities require world-wide deployment in order to be able to meet emergencies anywhere in the world in minimum time. We have major sea commands on both coasts, in the mid-Pacific, in the Far East and in the Mediterranean. In order to meet these responsibilities, some 900 ships and many types of aircraft are required.

In addition to deterrent and combat capabilities, the fleet supplements our network of oversea bases—Army, Air Force and Navy. Our ships supply and protect these bases and stand ready to replace them if they are lost in time of war or by political intrigue.

The mobility of our Sixth Fleet in the Mediterranean and the Seventh Fleet in the Western Pacific permits us to control these areas, and at the same time, if necessary, to shift these forces to any other place in the world where trouble might attack.

Today our long-range aircraft provide the deterrent threat of massive and immediate retaliation of nuclear attack. In case the nuclear attack comes (we don't believe this necessarily will happen), our first strikes will come from our SAC bases in the United States. To supplement these will be our planes from our oversea bases.

Backing these up are our high-speed aircraft flying from carriers deployed overseas. And thus, the forces of your Navy, deployed as they are, constitute a very valuable part of our overall retaliatory effort.

At the highest level of Soviet grand strategy, Soviet leaders well know that the lifelines of the free world are networks of some 60,000 miles of vital ocean routes.

Ninety-five percent of all war materials must be moved by sea. Ninety-seven percent of the distance traversed by supplies in the "Berlin Airlift" was by sea. As a matter of interest, it requires four tons of aviation gasoline to fly one ton of cargo across the Atlantic.

In peace, a cold war, or in a hot war, over these lanes come the raw materials to keep the industrial machine of the United States running, and back over these same lanes go the finished products so vital to the economic health and military security of the free nations of the world.

If there is any question in your mind as to the importance of sea power, you have only to consider a 105-mile stretch of salt water in the Suez Canal area and realize the impact on the peace and security of the entire world that the crisis in this area has exerted.

The Russian Navy has one primary purpose—to fence us off from our allies and forces overseas. In this objective of world domination, the Soviets are now embarked on the first phase, the consolidation of their position on the Eurasian Continent. In order to accomplish this she must isolate the United States. The Soviet Union will use her naval forces to bring diplomatic and political pressure to bear throughout the European area to combat our influence, and, in the event of war, she will use her naval forces to deny us access to our friends, allies and forces overseas.

Since 1950, in tonnage of combatant ships the Soviet Navy is rapidly outbuilding our own: for example, in tonnage of submarines, they have outbuilt us six to one; in destroyers, nine to one; and in cruisers, fourteen to one.

Soviet aircraft carriers are conspicuous by their absence, which brings up an interesting point: Why is this so? Why do we need carriers if Russia does not? The Soviet Navy is now in a position where its main function is to deny us the waters continuous to the Eurasian Continent. The Soviets feel that their cruisers, destroyers, submarines, other craft, and their 3,500 land-based naval air arm will be sufficient to do that job; while the United States has a great need for carriers in order to project our country's military power overseas. We realize that the effective continuation of the free world's war effort will directly depend on maintaining control of the seas.

Further, the importance of control

of the seas is measured by the Soviet submarine effort. You will remember that Hitler began World War II with 57 submarines. From this start, he was subsequently able to almost paralyze the Allied war effort. Today, the Soviet Union has over 475 submarines. The magnitude of this threat to our vital sea lanes of communication cannot be overemphasized.

The Navy must be ready and able to grasp control of the oceans of the world quickly and decisively. Naval mobile striking forces represented by our Sixth Fleet in the Mediterranean, our growing fleet of guided missile submarines, additional attack carrier striking forces deployed from our Atlantic Fleet, and a coming long-range seaplane strike capability, with its supporting tenders, are the means for the Navy to strike at air bases and guided missile launching sites that threaten our control of the seas. These strikes can be mounted by the fleet before enemy planes and missiles can be launched against us. The possession of these deployed sea forces gives us the ability to strike at source the Soviet submarine menace, before these submarines can be deployed to sea.

A most important mobile naval and marine weapon system is the amphibious task forces. These are particularly useful in these days of uneasy peace and localized wars. It gives the United States the ability to put troops ashore any place in the world, quickly and economically, and sustain them there in any place where an emergency may arise.

The nation is depending more and more on the Navy in continental air defense.

Specifically, we have the extension of the Distant Early Warning Line seaward. For this the Navy has developed airborne early-warning squadrons and radar picket escort vessels. For the continguous ocean area radar coverage off our Atlantic seaboard and Pacific Coast, the Navy has developed the ocean station radar ships.

In addition, most of that Distant Early Warning Line must be supplied by the Navy—that is, the logistic support to keep it operational must come in by ship, from the sea.

We must be ready to meet attack by air and sea, from any direction. The forces just described plus any naval forces at sea or deployed overseas are this nation's first line of defense.

The "new Navy" is not a catch phrase; it is a reality based on changes more fundamental and far-reaching than in any comparable period of naval development.

The Navy program for modernization and new construction must meet

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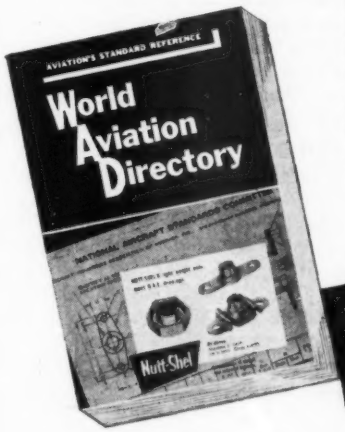

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the need for an orderly and progressive changeover to the Navy of the future. The Navy program for modernization and new construction must keep as many as possible of our existing units constantly available to meet some new crisis.

To keep pace, we must constantly modernize our present fleet of aircraft, weapons, and equipment. We must build new types to meet the new needs. We must design still newer equipment to provide for needs one to two decades from now.

In modernizing our present fleet, we have included in the 1958 program the conversion of the aircraft carrier *Oriskany*. The major part of this changeover is the angled deck, which makes possible the simultaneous launching and recovery of aircraft; other features such as beefed-up arresting gear and larger elevators will enable her to handle higher performance, heavier jet aircraft.

The next conversion is that of heavy cruisers to guided missile cruisers. The significant fact about this conversion is that, for the first time, these ships will have a submarine-kill capability in addition to their tremendously enhanced air defense capability.

In building new ships to accommodate new developments, we have projected for the first time a nuclear-powered aircraft carrier. The experience gained in the design and construction of six post-World War II heavy attack carriers, coupled here with nuclear power, gives new significance to the expression "sustained mobility."

We have the guided missile destroyer, which is the natural outgrowth of the versatile World War II general purpose destroyer. Half of this ship's main batteries consists of guided missiles, half conventional gun mounts.

Guided missile submarines will be employed to reduce the enemy's capabilities by destroying its aircraft and ships at their bases. Now these submarines in this year's program embody the tremendous advantages of great maneuverability, high sustained submerged speed, and endurance limited only by the staying power of the men who man them. These ships, of course, will have torpedoes to destroy other submarines or surface ships.

Antisubmarine warfare continues to be the prime objective of the submarine forces of our Navy in national defense. The experience gained in research and development, design and construction during the past 10 years has been geared to the development of the most versatile, highest performance submarine to kill other submarines.

The amphibious assault ship is the heart of the future amphibious operations. In last year's program we converted a World War II escort aircraft carrier to this purpose. But we have reached the crest of return versus investment and we have to build a new ship for this purpose.

Today, our attack aircraft carrier forces provide mobile dispersed striking power. Guided missiles are already being launched from submarines. Nuclear-powered ships can patrol for months at a time without the need for refueling. This relieves the Navy of the tremendous logistic problem regarding the supply of black oil.

And, finally, we are heading rapidly toward entirely new dimensions in the weapons of warfare—ranges, measured over thousands of miles; speeds, many times that of sound; outer space as the path of delivery—all these added to the incredible destructive power of nuclear weapons already developed.

Our national defense policy calls for developing three major types ballistic space weapons as soon as possible. A long-range land-launched intercontinental ballistic missile, several intermediate land-launched ballistic missiles, and, most important to the Navy, a sea-launched ballistic missile from either surface ships or submarines.

This ballistic missile has a speed of about 10,000 miles per hour, and a range of about 1,500 miles.

The ballistic missile travels several hundred miles above the earth. Today, the interception and destruction of such a missile in this region is not possible. The most significant thing about this type of missile is that it must be launched from a known geographic point toward a known geographic point. It has this in common with the bullet: its destination is fixed at the time of launching and cannot be changed in flight. If the launching point is a fixed land base, it becomes, of course, a logical target for enemy destruction. It draws fire to our homeland or the homeland of an ally if the base is in allied territory. If, however, this launching site is a mobile site at sea, in a ship, such is not the case. It does not draw fire to our homeland. A ship at sea is in constant motion; its latitude and longitude is constantly changing; it is not a suitable target for a long-range ballistic missile.

Naval launching sites for space missiles are almost limitless. Surface ships or submarines could range, operating so as to destroy the enemy's bases which are a challenge to our control of the seas whether they be air bases, shipyards or weapon sites.

Soon, as these ranges extend, virtually no spot on earth will be beyond the range of attack from the sea.

On both sides of the Iron Curtain, strategists are taking a long and sober new look at the greatest change in naval capability in the entire history of warfare.

Although there is some question as to the possibility of all-out nuclear war, we must nevertheless be prepared. We have to provide protection for our civilians and our military organization.

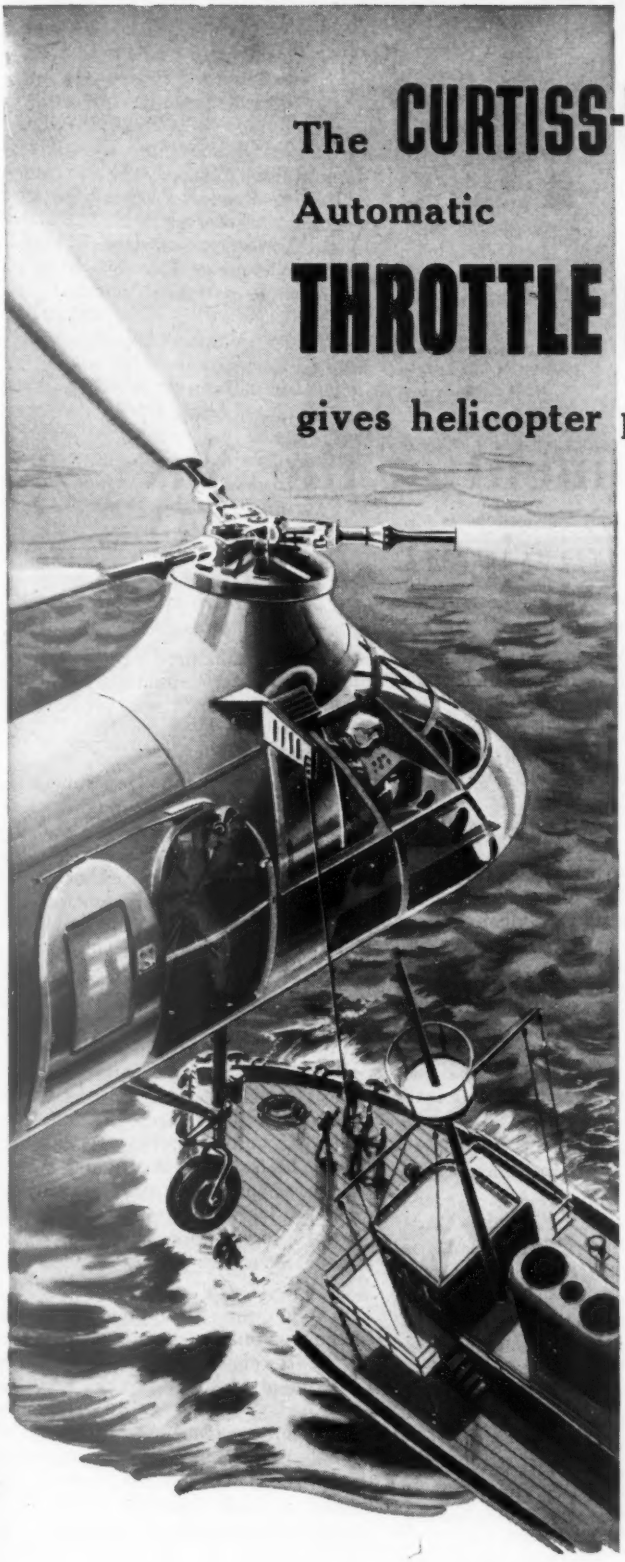
We are told that the hydrogen and atomic bombs will lay waste to wide areas, that millions will die from fallout. This gives us one of two alternatives—either to dig deep or keep moving. The civilian population can move behind protective shelters or underground. The military has to keep out in the open in order to be active and effective.

The oceans provide new frontiers for dispersal; in fact, they provide an infinite number of points of dispersion and the highest degree of mobility. If we can disperse even a portion of the atomic striking power of the nation at sea, we remove from the homeland targets which are sure to draw enemy fire. The oceans carry the striking power of this nation to the enemy's doorstep.

A potential enemy's control of the seas would isolate us and make winning a war virtually impossible. They would dominate nearly 95 percent of the entire earth's surface. This would cause the breakdown of the oceanic coalitions of the free nations of the world. And you can well imagine the effect on the mind of the man in the street if Soviet naval forces were steaming up and down our coast at will.

On the other hand, our control of the world's oceans isolates the enemy to its own land mass. We would have access by sea to 85 percent of the world's surface but, most importantly, it would mean the continuation of this free world alliance in the interests of security and peace.

Never before in the history of this nation has sea power meant so much to security—in fact, our very survival. Top-level thinking must not only encompass situations as they develop from day to day, but must include a long-range look at the future. There is the utmost need for the most modern weapons. There is the utmost need for teamwork and coordination of the most complex weapon structure in history. And finally (and most important if we are to maintain an adequate balanced defense), there is the utmost need for public understanding and support.



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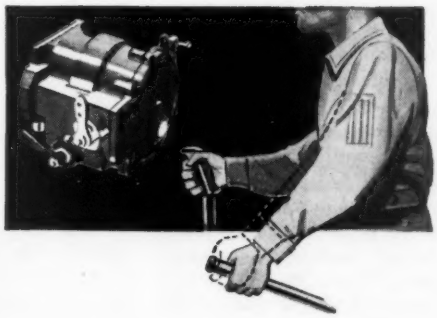
gives helicopter pilots a "Third Hand"



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How the Department of the Navy Is Organized

THE Department of the Navy consists of three principal parts. These are:

1. *The Operating Forces of the Navy.* They comprise the several fleets, seagoing forces, sea frontier forces, district forces, Fleet Marine Forces and other assigned Marine Forces, the Military Sea Transportation Service, and such shore activities of the Navy and other forces and activities as may be assigned to the Operating Forces of the Navy by the President or the Secretary of the Navy.

2. *The Navy Department.* This is the central executive authority of the Department of the Navy located at the seat of the government and comprises the bureaus, boards, and offices of the Navy Department, the Headquarters, United States Marine Corps, and the Headquarters, United States Coast Guard, when operating as a part of the Navy pursuant to law.

3. *The Shore Establishment.* It comprises all activities of the Department of the Navy not assigned to the Operating Forces of the Navy and not a part of the Navy Department. This includes those operating forces of the Marine Corps which are not assigned to the Operating Forces of the Navy or to a unified joint command.

It is on the Operating Forces that rests the broad responsibility of fulfilling the role of the Navy and Marine Corps in support of fundamental national policies and interests throughout the world. Hence, in a very true sense, both the Navy Department and the Shore Establishment exist for the purpose of supporting the Operating Forces.

The executive organization. The Department of the Navy is under the supervision and direction of the Secretary of the Navy and is administered by him as one of the three military departments of the Department of Defense, subject to the direction, authority, and control of the Secretary of Defense.

In addition to the Secretary, the Department's top executive organization consists of his (a) Civilian Executive Assistants, and (b) Naval Professional Assistants.

The Naval Professional Assistants are:

1. The Chief of Naval Operations, who is the principal Naval Professional Assistant and the Naval Command Assistant;

2. The Commandant of the Marine Corps, who is the Marine Corps Command Assistant;

3. The Commandant of the Coast Guard when the Coast Guard is operating as a part of the Navy pursuant to law; and

4. The Naval Technical Assistants, who are the chiefs of bureaus, the Chief of Naval Research, the Chief of Naval Material, and the Judge Advocate General.

All of these are appointed by the President by and with the advice and consent of the Senate, except the Chief of Naval Material, who is detailed by the Secretary of the Navy.

Responsibilities of the executive organization. The broad responsibilities of the Department of the Navy, and hence of the Secretary, his Civilian Executive Assistants, and his Naval Professional Assistants, are expressed in a policy statement of the Department of the Navy contained in General Order No. 5, which was promulgated by the Secretary of the Navy on 20 November 1954:

> "To maintain the Department of the Navy as a thoroughly integrated entity with sufficient strength on the sea and in the air to uphold, in conjunction with our other Armed Forces, our national policies and interests, to support our commerce and our international obligations, and to guard the United States including its overseas possessions and dependencies."

From the above statement of naval policy evolve four principal tasks, responsibility for which has been divided among the Secretary, his Civilian Executive Assistants, and his Naval Professional Assistants. These tasks are "policy control," "naval command," "logistic administration and control," and "business administration" of the Department of the Navy.

"Policy control" is defined as the task of interpreting, applying, and upholding national policies and interests in the development and use of the Department of the Navy. In addition to providing policy guidance to the whole and continuous appraisal of overall performance, it encompasses the broadest concept of "public relations," which includes many and vital relationships such as those with the Congress, the Secretary of Defense, other principal Government officials, and the public.

"Naval command" is defined as the task of commanding the Operating Forces and maintaining them in a

state of readiness to conduct war; of commanding the deployment, maneuvers, and actions of these forces, both during war or national emergency, and in times of peace when they are training and preparing themselves for emergencies. It also includes the promulgation of directives throughout the Department of the Navy which embrace matters of operations, security, intelligence, discipline, naval communications, and similar matters of naval administration.

"Logistic administration and control" is the task of coordinating and directing the effort of the Navy Department and the Shore Establishment in order to assure the development, procurement, production, and distribution of material, facilities, and personnel to the Operating Forces. The task also includes the important elements of planning and forecasting requirements.

"Business administration" refers to the task of business management of the Department of the Navy. In addition to the tasks of administering the Navy from the policy, the naval command, and the logistic viewpoints, there is this further specific task which is imposed on top management of developing and maintaining economy and efficiency in the operation of the Department of the Navy, with particular regard to matters of organization, staffing, and administrative procedures; the utilization of personnel, materials, and facilities; and the budgeting and expenditure of funds.

Distribution of executive responsibilities. The first of the four principal tasks, that of policy control, has been retained by the Secretary as his prime responsibility, since on him rests accountability for the results of the work and efforts of the entire Department of the Navy. In the formulation and administration of guiding policies, the Secretary draws on the advice and assistance of his executive organization.

Responsibility for the second of the four principal tasks, that of naval command, has been assigned to the Chief of Naval Operations, with the exception of those areas wherein the command functions within the task of naval command rest with the Commandant of the Marine Corps. The Chief of Naval Operations is the senior military officer of the Department of the Navy and is responsible to the Secretary of the Navy for the command, use and administration of Operating Forces of the Navy. He is the principal naval adviser to the President and to the Secretary of the Navy on the conduct of war, and the principal naval adviser and naval executive to the Secretary on the conduct of the activities of the Department of the Navy. The Chief of Naval Operations has also been assigned responsibility for that portion of the third principal task, logistic administration and control of the Department of the Navy, which embraces:

1. Planning, forecasting, and determining the requirements of the Operating Forces of the Navy for equipment, material, personnel, and supporting services, and for coordinating and directing the efforts of the bureaus and offices of the Navy Department as may be necessary to effectuate availability and distribution of these requirements.

2. Issuing statements of requirements of the Operating Forces of the Navy, including planning assumptions related thereto—in terms of what is needed, when it is needed, and where it is needed—to the bureaus and offices of the Navy Department and through them to the Shore Establishment; and reviewing and evaluating their progress in fulfilling these requirements, and issuing such instructions as are required in connection therewith.

3. Collaborating with the Civilian Executive Assistants in fulfillment of requirements of the Operating Forces of the Navy, and in evaluating and strengthening the policies and procedures governing the determination of requirements, and the administration of inventory control systems.

4. As naval executive, coordinating and integrating the requirements of the Operating Forces of the Navy, of the Marine Corps, and of the bureaus and offices of the Navy Department into total requirements of the Department for equipment, material, military personnel, and supporting services in support of peacetime and mobilization plans for approval of the Secretary of the Navy.

Certain command functions within the task of naval command are the responsibility of the Commandant of the Marine Corps. He commands the Marine Corps and is directly responsible to the Secretary of the Navy for its administration, discipline, internal organization, unit training, requirements, efficiency, and readiness, and for the total performance of the Marine Corps. When performing these functions, the Commandant of the Marine Corps is not a part of the permanent command structure of the Chief of Naval Operations. However, there must be a close cooperative relationship between the Chief of Naval Operations as the senior military officer of the Department of the Navy and the Commandant of the Marine Corps, who has command responsibility over and is the senior officer of that organization.

The Commandant of the Marine Corps has an additional direct responsibility to the Chief of Naval Operations for the readiness and performance of those elements of the operating forces of the Marine Corps assigned to the Operating Forces of the Navy. Such Marine Corps forces, when so assigned, are under the command of the Chief of Naval Operations.

In addition, the Commandant of the Marine Corps is assigned that portion of the task of logistic administration and control of the Department of the Navy which embraces:

1. Planning, forecasting, and determining the requirements of the Marine Corps for equipment, material, personnel, and supporting services.

2. The determination of Marine Corps characteristics of equipment and material to be procured or developed and the training required to fit Marine Corps personnel for combat.

3. Collaborating with the Civilian Executive Assistants in fulfillment of requirements of the Marine Corps.

The remainder of the task of logistic administration and control, that portion not assigned to the Chief of Naval Operations or to the Commandant of the Marine Corps, and the fourth task, that of business adminis-

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tration, have been assigned among the Civilian Executive Assistants under the supervision, coordination, and direction of the Under Secretary of the Navy.

With respect to the task of business administration, the responsibilities of the Civilian Executive Assistants extend directly over the bureaus and offices of the Navy Department and the Commandant of the Marine Corps, and through them, to the field activities comprising the Shore Establishment. With respect to those other components of the Department of the Navy which are under the command of the Chief of Naval Operations or the Commandant of the Marine Corps, the Civilian Executive Assistants collaborate with and assist the Chief of Naval Operations and the Commandant of the Marine Corps in evaluating and improving business administration in their organizations.

The bureaus and offices of the Navy Department and the Headquarters, U.S. Marine Corps, constitute the "home office" within the Department of the Navy for the activities of the Shore Establishment. Collectively, the chiefs of the bureaus and offices and the Commandant of the Marine Corps are responsible for providing the logistic support, and services attendant thereto, required by forces under the command of the Chief of Naval Operations or the Commandant of the Marine Corps. Individually, they are responsible for the immediate supervision and direction of all of the work of their respective organizations including their activities within the Shore Establishment.

In summary, overall policy control of the Department of the Navy is retained by the Secretary. Responsibility for the task of naval command is assigned to the Chief of Naval Operations except for those areas wherein command functions within the task of naval command rest with the Commandant of the Marine Corps. Responsibility for the task of logistic administration and control is divided among the Civilian Executive Assistants, the Chief of Naval Operations, and the Commandant of the Marine Corps. The Civilian Executive Assistants have responsibility for business administration throughout the Navy Department and the Shore Establishment and collaborate with and assist the Chief of Naval Operations and the Commandant of the Marine Corps in evaluating and improving business administration with respect to the other components of the Department of the Navy under their command. The chiefs of the bureaus and offices direct the programs of their respective organizations and the operation and management of all activities assigned to them.

The Navy Department

The Navy Department is the central executive authority of the Department of the Navy located at the seat of the government and comprises the bureaus, boards, and offices of the Navy Department, the Headquarters, United States Marine Corps, and the Headquarters, United States Coast Guard when operating as a part of the Navy pursuant to law.

The various boards and offices (excluding the Office of Judge Advocate General) which report to and perform staff functions and services for the Secretary and his Civilian Executive Assistants, are collectively referred to as the Executive Office of the Secretary. Administratively, they are treated as a single organizational entity of the Navy Department.

The Secretary: Thomas S. Gates, Jr.

Although the Secretary has assigned many of his responsibilities and delegated much of his authority to his Civilian Executive Assistants and his Naval Professional Assistants, he retains direct policy control over the Department of the Navy. Likewise, he retains supervision of the important functions of public relations, legislative affairs, and morale and welfare of the personnel of the Department of the Navy.

The Civilian Executive Assistants.

In general the division of their responsibilities is not fixed with the office, but varies as the incumbents change and as the Secretary of the Navy determines. There are, however, some statutory requirements relating to continuity of functional responsibility and some customs which have been observed in fixing the functional responsibility of the Secretariat.

The practice has been followed for several years of establishing and promulgating the assignments of duty and responsibility to members of the Secretariat by means of a SECNAV Instruction. As of the date of publication of this discussion of the Organization of the Department of the Navy, the principal assignments of responsibility are distributed as follows:

The Under Secretary of the Navy: W. B. Franke.

Responsible for supervising and directing the work of the Assistant Secretaries of the Navy and the Administrative Assistant to the Secretary, and for collaborating with the Chief of Naval Operations and the Commandant of the Marine Corps to the end that the Department of the Navy is efficiently administered. His responsibilities include the immediate supervision of the Office of the Judge Advocate General, the Office of General Counsel, the Office of Analysis and Review, the Office of Naval Petroleum and Oil Shale Reserves, and, in matters related to the business administration and management of the Department, supervision and direction of the work of the Naval Inspector General. The chiefs of the bureaus and offices, and Headquarters, Marine Corps, are accountable directly to the Under Secretary for matters which are under the direction and supervision of the Civilian Executive Assistants.

The Assistant Secretary of the Navy (Material): Fred A. Bantz.

Assigned responsibility for policy, management, and control of production, procurement, supply, and distribution of material; and of the acquisition, construction, management, maintenance, and disposition of real estate and facilities. He supervises the Office of Naval Material.

The Assistant Secretary of the Navy (Air): Garrison Norton.

Assigned responsibility for policy, management, and control of aeronautical matters and of matters related to research and development and atomic energy. The position of the Assistant Secretary of the Navy (Air) was specifically established by act of 24 June 1926 (44 Stat. 767) to aid the Secretary in fostering naval aeronautics. No restriction was imposed upon the Secretary to prevent the assignment to this Assistant Secretary of duties other than aeronautical, however, and by custom each Assistant Secretary of the Navy (Air) has been assigned responsibility for research and development until this assignment is now recognized as an inherent function of this position.

The Assistant Secretary of the Navy (Financial Management): J. Sinclair Armstrong.

Assigned responsibility for financial management of the Department of the Navy, as prescribed by title IV of the National Security Act of 1947, as amended. Additionally, he is designated "Comptroller of the Navy" as authorized by section 2 of Public Law 562, 83d Congress, second session.

The Assistant Secretary of the Navy (Personnel and Reserve Forces): Richard Jackson

Assigned responsibility for policy, management, and control of functions relating to personnel, including active-duty military personnel and reserve forces, and civilian employees of the Department of the Navy. He is assigned principal responsibility for supervision of all activities of the Re-

serve components under the jurisdiction of the Department of the Navy in accordance with section 256 of Public Law 476, 82d Congress, second session.

Administrative Assistant: John H. Dillon.

Assigned responsibility for the general supervision and coordination of all matters affecting departmental administration at the seat of government, and general supervision and coordination of all matters affecting the administration of the Executive Office of the Secretary. Unlike the other Civilian Executive Assistants, who are appointed by the President with the advice and consent of the Senate, the Administrative Assistant to the Secretary of the Navy is appointed by the Secretary. The practice has been adopted of selecting for this position a career civilian employee who will, in addition to other assigned duties, continuously direct and supervise the execution of the Department's administrative affairs and provide continuity therein.

The Naval Professional Assistants. These assistants are the Chief of Naval Operations, the Commandant of the Marine Corps, the Commandant of the Coast Guard when the Coast Guard is operating as a part of the Navy pursuant to law, and the Naval Technical Assistants.

The Chief of Naval Operations: Adm. Arleigh A. Burke.

The Vice Chief of Naval Operations: Adm. H. D. Felt.

The Deputy Chiefs of Naval Operations. There are presently six DCNO's, who have been assigned missions as indicated below:

DCNO (Personnel and Naval Reserve): Vice Adm. J. L. Holloway, Jr., is responsible for the preparation and implementation of Navy and Naval Reserve personnel plans and policies.

DCNO (Administration): Vice Adm. G. L. Russell is responsible for the execution of the administrative responsibilities of the Chief of Naval Operations, including the direction of prescribed administrative programs in the Office of the Chief of Naval Operations, the activities under the management control of the Chief of Naval Operations, the Shore Establishment, and the Operating Forces of the Navy, and for other assigned responsibilities.

DCNO (Fleet Operations and Readiness): Vice Adm. T. S. Combs is responsible for implementing command functions concerning the use of the Operating Forces of the Navy, including their training, readiness, and preparation for war.

DCNO (Logistics): Vice Adm. Hopwood is responsible for planning and providing for logistic support of the Operating Forces of the Navy, including such logistics of naval aviation activities as are not the responsibility of the Deputy Chief of Naval Operations (Air). Similar responsibility obtains with respect to the Naval Reserve.

DCNO (Air): Vice Adm. W. V. Davis, Jr., is responsible for planning and providing for the naval aeronautical elements of the Operating Forces of the Navy, including their preparation, training, readiness for war, and logistic support; he supervises the Naval Air Reserve and the development of guided missiles.

DCNO (Plans and Policy): Vice Adm. R. E. Libby is responsible for developing and disseminating plans and policies, and serves as the principal adviser to the Chief of Naval Operations on Joint Chiefs of Staff matters and as principal adviser to the Secretary of the Navy and the Chief of Naval Operations on international po litico-military matters, including foreign military assistance.

Commandant of the Marine Corps: General R. McC. Pate.

The Commandant of the Marine Corps is the senior officer of the United States Marine Corps and is the Marine Corps Command Assistant to the Secretary of the Navy. He commands the Marine Corps and is directly responsible to the Secretary of the Navy for its administration, discipline, internal organization, unit training, requirements, efficiency, and readiness, and for the total performance of the Marine Corps. When performing these functions, the Commandant of the Marine Corps is not a part of the permanent command structure of the Chief of Naval Operations. However,

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there must be a close cooperative relationship between the Chief of Naval Operations as the senior military officer of the Department and the Commandant of the Marine Corps, who has command responsibility over that organization. The Commandant of the Marine Corps has an additional direct responsibility to the Chief of Naval Operations for the readiness and performance of those elements of the operating forces of the Marine Corps assigned to the Operating Forces of the Navy.

He participates in the Joint Chiefs of Staff and Armed Forces Policy Council in a co-equal status with the other military chiefs on matters which are of direct concern to the Marine Corps.

Headquarters, U.S. Marine Corps, is the staff of the Commandant of the Marine Corps, and constitutes a distinct component of the Navy Department. It is organized along general staff lines.

The Naval Technical Assistants. The Naval Technical Assistants are the chiefs of bureaus, the Chief of Naval Research, the Chief of Naval Material, and the Judge Advocate General.

Judge Advocate General: Rear Adm. Chester Ward

The office has cognizance of all major phases of military, administrative, and applied law as are incident to the operation of the Navy Establishment. With respect to military law, this office administers the program of military justice for the Navy. The office advises and prepares opinions on questions of administrative law concerned with the administration of naval affairs, including legal questions arising on pay and allowances for naval personnel. On questions of applied law the office reviews and takes necessary action on admiralty cases, claims for damages caused by naval vessels, foreign claims and miscellaneous claims filed by or against the Navy.

Office of Naval Petroleum and Oil Shale Reserves:

The office was established in 1920 (known then as the Navy Fuel Oil Office) to advise the Secretary of the Navy directly and under his immediate supervision on matters concerning the petroleum industry and the naval petroleum reserves. The mission of the office is to perform all functions necessary to: (a) explore, prospect, conserve, develop, use, and operate the existing Naval Petroleum Reserve; (b) administer the existing Naval Oil Shale Reserve; (c) locate, establish, and develop additional petroleum and associated hydrocarbon reserves; and

General R. McC. Pate

(d) serve as the principal Department of the Navy advisory office on matters relating to crude petroleum, both domestic and foreign.

Bureau of Aeronautics
Rear Adm. D. E. Dixon

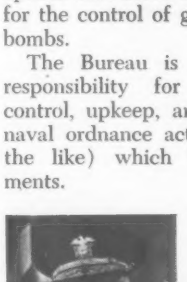
The Bureau of Aeronautics is responsible for the design, development, procurement, production, test, fitting out, maintenance, alteration, repair, and material effectiveness of Navy and Marine Corps aircraft, target drones, and certain guided missiles, including components and equipment thereof, landing and arresting equipment, and photographic and aerological equipment; the research therein; and all pertinent functions relating thereto. It contracts for naval aircraft and aviation equipment of a technical, specialized nature; and provides plant facilities and schedules as necessary for the production of these items.

The Bureau collaborates with the Bureau of Yards and Docks in the design, construction, and alteration of all aeronautic shore establishments; exercises management control over and maintains and repairs (within the capacity of station force) all aeronautic shore establishments. These activities are employed for conducting necessary research, tests, investigations, and developments to obtain suitable apparatus and material for naval purposes and for supporting the aviation functions of the Chief of Naval Operations and the aviation operating forces of the Naval Establishment. It initially outfits, and thereafter replenishes with aeronautical equipment and material, all bases afloat and ashore from which naval aircraft operate, and supervises the service, repair, overhaul, and salvage of naval aircraft and aviation equipment.

Bureau of Ordnance
Rear Adm. F. S. Withington

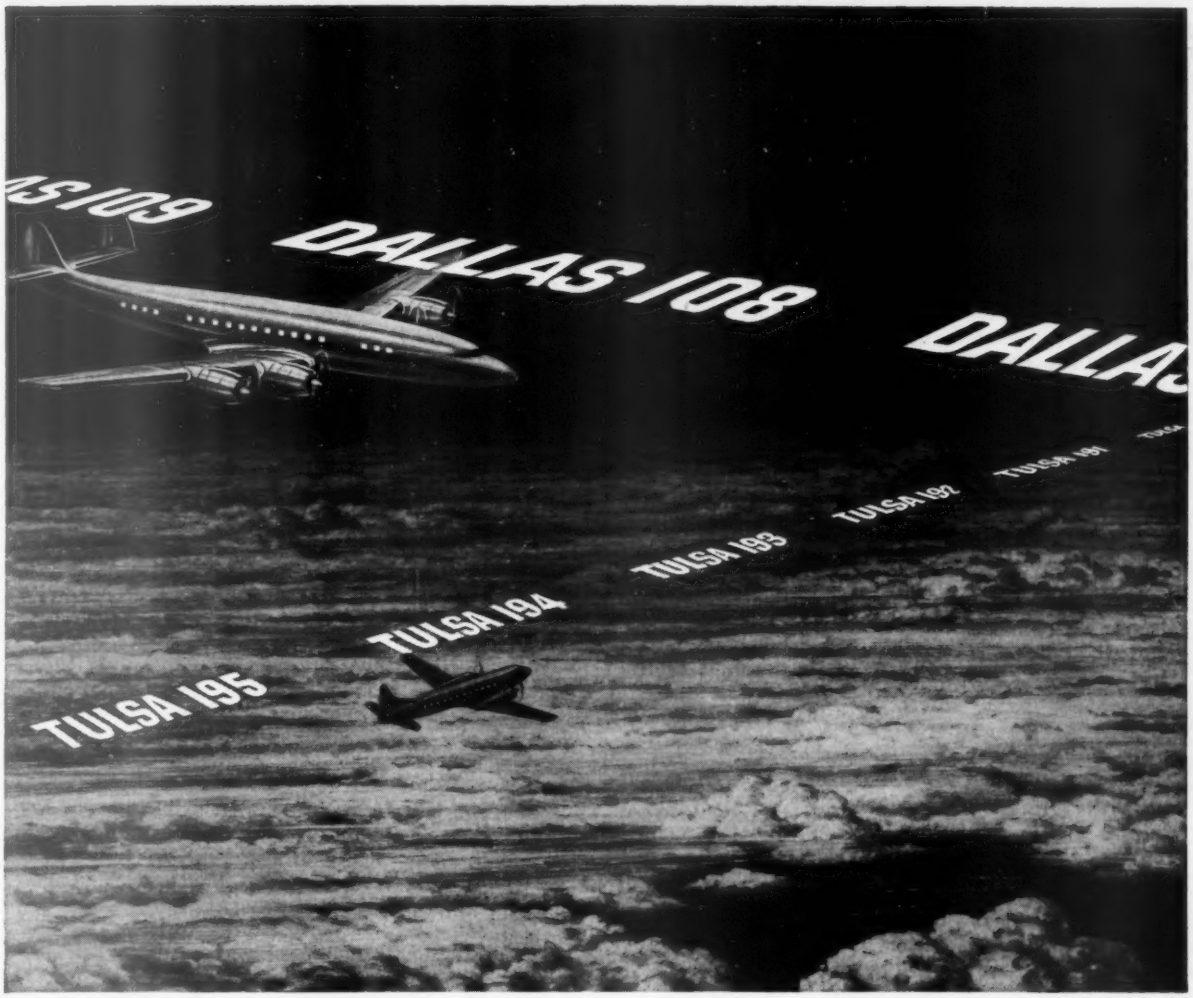
The Bureau of Ordnance is charged with and is responsible for, with respect to vessels and aircraft, the design, development, research, operating standards, manufacture, procurement, maintenance, distribution, issue, repairs, alterations, efficiency, material effectiveness, and disposition of all offensive and defensive arms and armament (including guns, armor, torpedoes, mines, depth charges, pyrotechnics, bombs, rockets and certain guided missiles and special weapons, ammunition, war explosives, war chemicals, defensive nets, booms and buoys, plus anchors, moorings, propellants, and appliances therefor except fixtures on shore used to secure the ends of nets and booms) and except as specifically assigned to other cognizance, optical and other devices and material for the control of guns, torpedoes, and bombs.

The Bureau is also charged with responsibility for the management control, upkeep, and operation of the naval ordnance activities (depots and the like) which house these armaments.



Bureau of Yards and Docks
Rear Adm. R. H. Meade

The Bureau of Yards and Docks is responsible, with certain exceptions, for the design, planning, development, procurement, construction, alteration, and cost estimates at all shore activities of the Naval Establishment, of



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public works, public utilities, construction, transportation, and weight-handling equipment (except that of the Marine Corps and such equipment as is assigned to another bureau or office), and similar responsibilities with respect to certain service craft, to wit: floating drydocks, cranes, pile drivers, and power barges; and dredges. The Bureau also supervises the construction of private plant facilities and extensions financed with naval funds. It is responsible also for the repair of the facilities enumerated above, when beyond the capacity of the local force employed, at all activities, with funds supplied by the bureau or office having management control. The Bureau also has technical control and management control over certain public works and public utilities centers.

Bureau of Ships
Rear Adm. A. G. Mumma

The Bureau of Ships is responsible for the design, construction, and procurement of vessels, amphibious craft and vehicles, boats, surface targets, and service craft for the Navy, except aircraft, and those service craft for which BuDocks is responsible.

The Bureau is responsible for the maintenance and repair of all ships and craft of the Navy except those noted above or assigned to the Military Sea Transportation Service. The research and development programs pertaining to the design, construction, and maintenance of ships and craft are the responsibility of this Bureau. The fuels and lubricants used in the main propulsion and auxiliary machinery of naval ships are procured to the specifications of BuShips, which also establishes the inspection procedures to insure compliance. The BuShips is charged with management control of all U.S. Naval Shipyards and similar operations.

In addition, the Chief of the Bureau of Ships has certain other responsibilities such as purchasing ships and other water craft for the Departments of the Army and the Air Force (except for floating drydocks); acting as coordinator of shipbuilding for the Department of Defense.

Boards and offices. The Navy Department includes many boards and offices which are, generally speaking, parts of the major units of organization. The offices whose responsibilities are indicated below report to and function in a staff capacity to the Secretary or one of the Civilian Executive Assistants. They have been selected for comment because of their influence on overall management of the Department of the Navy.

The Administrative Office provides administrative services common to the components of the Navy Department, including those pertaining to office space, office supplies and equipment, and mail, telephone, and automotive transportation services. It also provides budgetary and fiscal administration of appropriations and funds as assigned by the Navy Comptroller; develops and coordinates civilian personnel administration in the Navy Department; administers the Navy's printing and publications program; and provides for perimeter and interior security of buildings, grounds, and enclosures thereto in which the Navy Department is the major occupant.

The Office of Analysis and Review advises the Secretary of the Navy and his principal civilian and military assistants respecting the validity of and balance between Navy requirements for manpower, materiel, and facilities. It analyzes, reviews, and appraises the program performance of the bureaus and offices of the Navy Department and the Headquarters, U.S. Marine Corps, to determine whether or not their performance is meeting approved programs or objectives.

The Office of Industrial Relations is responsible for the development and direction of civilian personnel administration throughout the Department of the Navy.

The Office of the General Counsel furnishes legal services throughout the Department of the Navy in the field of business and commercial law. In general, these services relate to such matters as acquisition, custody, management, transportation, disposal, etc., of real and personal property and the procurement of services, and is inclusive of the fiscal, budgetary, and accounting aspects thereof but exclusive of tort claims and admiralty claims arising independently of contract. The office is also concerned with legal matters with respect to operations of the Military Sea Transportation Service (other than tort and admiralty claims independent of contract), and to patents, inventions, trademarks, and similar matters.

The Office of Information: Rear Adm. E. B. Taylor coordinates the Navy's public relations program. It keeps the public informed of the activities of the Navy as an instrument of national security and disseminates to naval personnel appropriate information on policies and programs of the Navy Department.

The Navy Management Office plans and develops programs to increase management effectiveness and furnishes staff support and assistance to the Secretary of the Navy and his Civilian Executive Assistants in carrying out their responsibilities for the task of business administration. It collaborates with and assists the Chief of Naval Operations and the Commandant of the Marine Corps and assists the Naval Technical Assistants in evaluating and improving business administration in their respective areas of responsibility.

The Office of Legislative Liaison: Rear Adm. E. C. Stephan is responsible for coordinating and supervising the legislative program of the Department of the Navy, with the exception of appropriation matters, subject to the direction and control of the Secretary of Navy. Included among its responsibilities are the evaluation and reporting of legislative matters, preparation and coordination of testimony and reports relating to legislation and investigations, releasing classified information to the Congress in accordance with prescribed policy, processing inquiries from Members of Congress, and maintaining cognizance of congressional correspondence reflecting criticism of Navy policy. This office maintains direct liaison with the Congress, the Executive Office of the President, the Office of the Secretary of Defense, and other governmental agencies in connection with matters in its area of responsibility.

The Shore Establishment

The Shore Establishment comprises all activities of the Department of the Navy not assigned to the Operating Forces of the Navy and not a part of the Navy Department. This includes those operating forces of the Marine Corps which are not assigned to the Operating Forces of the Navy or to a unified or joint command. These are the field of activity components of the bureaus and offices of the Navy Department and the Headquarters, United States Marine Corps. It is here that the responsibilities of the Civilian Executive Assistants and Naval Technical Assistants for "producer logistics" reach culmination through delivery of, or furnishing, the required materials, services, and personnel to the Operating Forces, the ultimate "consumer."

J. Sinclair Armstrong
Assistant Secretary of the Navy (Financial Management)

COMPTROLLER

THE United States Navy is one of the largest organizations in the world. Its assets on 30 June 1957 were $68.3 billion, or about as large as the combined assets of the one hundred largest industrial corporations in the United States.

The people of the United States have entrusted to the Navy tremendous resources of men, money, material, and facilities. Judged by any criteria, the Navy today is "big business."

Prior to 1940, Navy expenditures reached $1 billion on only two occasions. For the period 1940 to 1952, expenditures averaged $10.7 billion a year, reaching a peak in 1945 when $30.4 billion was expended. Since fiscal year 1952, expenditures have ranged between $9.7 billion and $11.9 billion, and have averaged about $10.5 billion. This amounts to about $60 for each man, woman, and child in the United States.

Where the Money Goes

The broad purposes or functions for which the Navy's funds are expended, together with expenditures in fiscal year 1957, are set forth in the following table:

Budget Category	Amount (In thousand dollars)
Military Personnel	$3,080,444
Operations and Maintenance	2,626,994
Major Procurement & Production	3,647,771
Military Public Works ..	362,299
Reserve Components ...	233,672
Research & Development	522,589
DOD Establishment-Wide	27,507
Working Capital Funds .	−102,962
Total	$10,398,314

As the table shows, more funds were expended for major procurement than in any other area. These expenditures, which constituted about 35% of the total, were for new aircraft, ships, combat vehicles, weapons, guided missiles, ammunition, electronics, and other procurement items of a long lead-time nature.

Military personnel costs totalled approximately $3.1 billion or approximately 30% of the total budget. These costs were primarily for pay, allowances, subsistence, individual clothing, and individual transportation.

The other large category of expenditure was for maintenance and operation which accounted for approximately 25% of total expenditures. This important segment of the budget includes funds for maintaining and operating the fleet, aircraft, and Marine divisions as well as the Shore Establishment, such as air stations, shipyards, ordnance plants, supply depots, and hospitals.

Improved Financial Management

The tremendous increase in the size of the peacetime budgets of the Navy in the post-World War II period has brought with it increased responsibilities to the public. Review agencies at all levels, including the Congress, have become increasingly cost conscious and have placed considerable stress on improved financial management not only in Navy but also the other agencies of the Federal Government.

Following various surveys by groups such as the Hoover Commission, the Congress, in 1949, enacted Title IV, Amendments to the National Security Act of 1947. Title IV required the Navy and the other military services to install Comptroller organizations throughout the Department and to make vast fiscal improvements, including the adoption of performance budgeting, industrial funds, stock funds, cost accounting, property accounting, and internal audit. Some of these, such as property accounting and stock funds, were not new to Navy; however, the legislation set the framework and gave the impetus for substantial changes which have taken place since 1950.

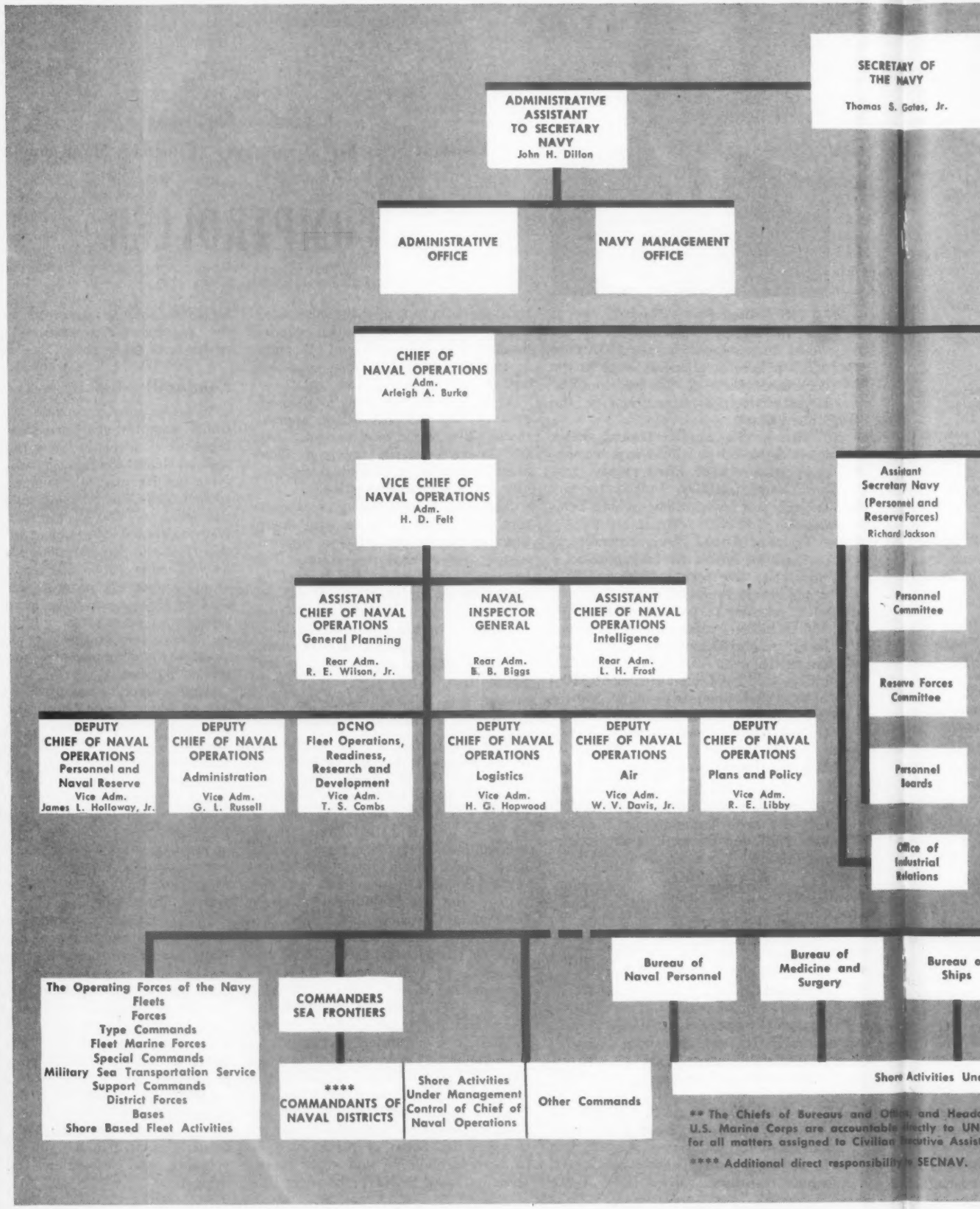
Comptrollership in Navy

In accordance with Title IV, comptroller organizations have been established at all levels in Navy to provide staff service to top management in carrying out its financial management responsibilities. The Secretary established the Office of the Comptroller of the Navy in June 1950. Subject to the authority of the Secretary, the Comptroller was made responsible for all budgeting, accounting, progress and statistical reporting, providing financial assistance to contractors, auditing, and for the administrative organizational structure and managerial procedures related thereto.

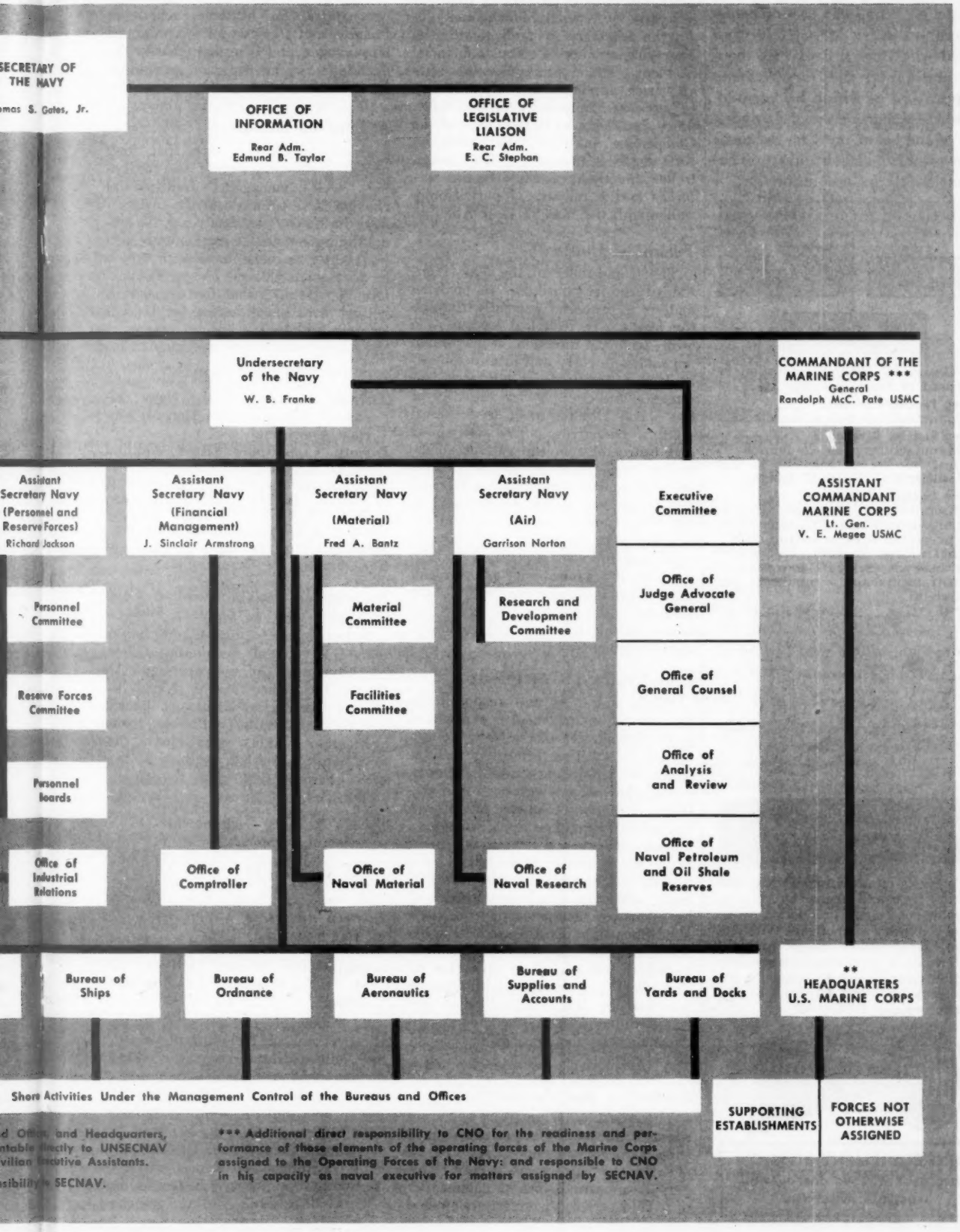
The concept of comptrollership has gained wide acceptance in Navy in the few years of its existence. As of 30 June 1957, there were 12 comptroller organizations at the bureau and office level and 181 at the field level. Comptroller organizations have been established at nearly all field installations where the size, scope, and complexity of fiscal operations justify the need. A few additional organizations will be established in the future as new fiscal systems are installed.

In conjunction with the establishment of comptroller organizations, the Navy has placed more and more stress on the importance of financial management in the day-to-day operations of the Department. New fiscal systems have been developed and installed, and numerous improvements have been made in existing financial policies and procedures. At all levels there is an increasing utilization of the financial tools of management by both program planners and administrators. This is particularly evident in the process of developing and executing the Navy Budget.

DEPARTMENT OF


SECRETARY OF THE NAVY
Thomas S. Gates, Jr.
ADMINISTRATIVE ASSISTANT TO SECRETARY NAVY
John H. Dillon
ADMINISTRATIVE OFFICE
NAVY MANAGEMENT OFFICE
CHIEF OF NAVAL OPERATIONS
Adm. Arleigh A. Burke
VICE CHIEF OF NAVAL OPERATIONS
Adm. H. D. Felt
Assistant Secretary Navy (Personnel and Reserve Forces)
Richard Jackson
Personnel Committee
Reserve Forces Committee
Personnel Boards
Office of Industrial Relations
ASSISTANT CHIEF OF NAVAL OPERATIONS General Planning
Rear Adm. R. E. Wilson, Jr.
NAVAL INSPECTOR GENERAL
Rear Adm. E. B. Biggs
ASSISTANT CHIEF OF NAVAL OPERATIONS Intelligence
Rear Adm. L. H. Frost
DEPUTY CHIEF OF NAVAL OPERATIONS Personnel and Naval Reserve
Vice Adm. James L. Holloway, Jr.
DEPUTY CHIEF OF NAVAL OPERATIONS Administration
Vice Adm. G. L. Russell
DCNO Fleet Operations, Readiness, Research and Development
Vice Adm. T. S. Combs
DEPUTY CHIEF OF NAVAL OPERATIONS Logistics
Vice Adm. H. G. Hopwood
DEPUTY CHIEF OF NAVAL OPERATIONS Air
Vice Adm. W. V. Davis, Jr.
DEPUTY CHIEF OF NAVAL OPERATIONS Plans and Policy
Vice Adm. R. E. Libby
Bureau of Naval Personnel
Bureau of Medicine and Surgery
Bureau of Ships
The Operating Forces of the Navy
Fleets
Forces
Type Commands
Fleet Marine Forces
Special Commands
Military Sea Transportation Service
Support Commands
District Forces
Bases
Shore Based Fleet Activities
COMMANDERS SEA FRONTIERS
**** COMMANDANTS OF NAVAL DISTRICTS
Shore Activities Under Management Control of Chief of Naval Operations
Other Commands
Shore Activities Un
** The Chiefs of Bureaus and Offices and Heads U.S. Marine Corps are accountable directly to UN for all matters assigned to Civilian Executive Assis
**** Additional direct responsibility to SECNAV.

T OF THE NAVY

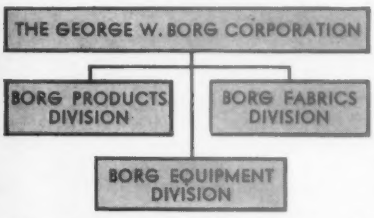

SECRETARY OF THE NAVY
mas S. Gates, Jr.
OFFICE OF INFORMATION
Rear Adm. Edmund B. Taylor
OFFICE OF LEGISLATIVE LIAISON
Rear Adm. E. C. Stephan
Undersecretary of the Navy
W. B. Franke
COMMANDANT OF THE MARINE CORPS ***
General Randolph McC. Pate USMC
Assistant Secretary Navy (Personnel and Reserve Forces)
Richard Jackson
Assistant Secretary Navy (Financial Management)
J. Sinclair Armstrong
Assistant Secretary Navy (Material)
Fred A. Bantz
Assistant Secretary Navy (Air)
Garrison Norton
Executive Committee
ASSISTANT COMMANDANT MARINE CORPS
Lt. Gen. V. E. Megee USMC
Personnel Committee
Reserve Forces Committee
Personnel Boards
Material Committee
Facilities Committee
Research and Development Committee
Office of Judge Advocate General
Office of General Counsel
Office of Analysis and Review
Office of Naval Petroleum and Oil Shale Reserves
Office of Industrial Relations
Office of Comptroller
Office of Naval Material
Office of Naval Research
Bureau of Ships
Bureau of Ordnance
Bureau of Aeronautics
Bureau of Supplies and Accounts
Bureau of Yards and Docks
** HEADQUARTERS U.S. MARINE CORPS
Shore Activities Under the Management Control of the Bureaus and Offices
SUPPORTING ESTABLISHMENTS
FORCES NOT OTHERWISE ASSIGNED

d Offices and Headquarters, ntable directly to UNSECNAV vilian Executive Assistants.
sibility to SECNAV.

*** Additional direct responsibility to CNO for the readiness and performance of those elements of the operating forces of the Marine Corps assigned to the Operating Forces of the Navy; and responsible to CNO in his capacity as naval executive for matters assigned by SECNAV.

WHO IS BORG?

George W. Borg, who founded this corporation, is the "Mr. Clutch" who started with Borg & Beck. He then helped organize the Borg-Warner Corporation of which he became president. Later he served as chairman of the board until he resigned to devote his full attention to The George W. Borg Corporation.



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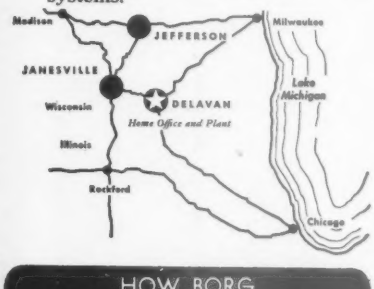
- **Borg Fabrics Division**
  Manufactures deep-pile fabrics best known of this line is the fashionable "Borgana" fabric.
- **Borg Equipment Division**
  Manufactures Micropots (precision potentiometers), Microdials (precision turn-counting dials), instrument motors, frequency standards, aircraft navigational instruments and components for systems.



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In recognition of the importance of financial management, the Congress, in 1954, created the position of Assistant Secretary (Financial Management) to aid the Secretary in dealing with the increasing number of complex financial problems. The Assistant Secretary has also been appointed by the Secretary to serve as Comptroller of the Navy. Since establishment of the Office of the Comptroller in 1950, the policy in Navy has been to have a civilian Comptroller directly responsible to the Secretary and a military Deputy Comptroller with the rank of Rear Admiral.

Technical Control

The Comptroller of the Navy's authority and responsibility in financial matters is exercised primarily through the medium of technical control. The term "technical direction" is one which is peculiar to Navy and means the specialized or professional guidance and direction exercised by an authority of the Naval Establishment in technical matters. Directives, policy statements, and instructions in the various comptroller areas, such as disbursing, cost accounting, and appropriation or fund accounting, are included in volumes of the Navy Comptroller Manual and are binding upon the entire Navy. Instructions and directives are issued through established organizational or command lines. This is in accordance with the accepted differentiation in Navy between technical control and command or management control.

Decentralized Operations

While authority and responsibility for financial management is centralized in the Comptroller of the Navy, certain operations, such as disbursing, maintenance of detailed accounting records, preparation of various reports and statistics, and formulation of bureau budget estimates are decentralized to bureaus, offices, and field activities. In addition, bureaus and offices are directly responsible for the commitment, obligation, and expenditure of funds made available to them through allocations and apportionments. Review and control techniques have been established and placed in operation so that effective technical control can be exercised by the Comptroller of the Navy through established command channels over the decentralized financial operations.

Authority and Accountability

The delegation of financial operating responsibilities parallels, insofar as possible, management and command lines of authority and responsibility. This permits a bureau chief or commander of a field activity to exercise a unified or integrated direction of programs for which he is both responsible and accountable. The Chief of the Bureau of Aeronautics, for example, schedules, budgets, and accounts for the programs he manages, and is accountable to the Secretary for the program he administers.

A Time of Change

Even though the Navy has long prided itself—and rightly so—for being well managed, fundamental changes have occurred in the financial field during the past few years. Personnel throughout the Department are getting better financial tools with which to do a more efficient and economical job. The result is that the taxpayer is getting more Naval defense for the dollar than ever before.

Organization

Assistant Secretary of the Navy (Financial Management): Hon. J. Sinclair Armstrong

Deputy Comptroller: Rear Admiral W. G. Cooper

Counsel: Mr. L. E. Chermak

Is jointly responsible to the General Counsel and the Comptroller for performing all of the legal functions of the Office of the Comptroller.

Investigation Liaison Division: Commander T. A. L. Lightner, Director

Is responsible for maintaining liaison with the General Accounting Office, Department of Defense, Army and Air Force, the Office of the Naval Inspector General, and Bureaus, Boards and Offices in matters pertaining to investigations, audits, inspections, surveys, and associated matters in the area of responsibility of the Comptroller.

Special Projects Division: Mr. F. V. Demaret, Director

Is responsible for conducting studies and preparing reports in connection with matters requiring coordination between groups in various specialties of comptrollership.

Administrative Services Division: Mr. H. L. Totman, Administrative Officer

Is responsible for providing administrative services, including preparation and administration of the budget, civilian personnel administration, mail and records, and editing, printing, processing, and distributing publications.

Assistant Comptroller, Director of Budget and Reports

Assistant Comptroller: Rear Admiral G. F. Beardsley

Assistant Director: Captain E. E. Grimm

Chief Staff Officer: Captain F. G. Dierman

Estimates and Analysis Division: Mr. E. F. Venn, Director

Is responsible for analyzing and making recommendations with reference to budget policies and estimates; reviewing budget execution through the allocation and apportionment process; and maintaining uniform terminologies, classifications, and procedures.

Progress Reports and Statistics Division: Mr. D. L. Jackson, Director

Is responsible for developing and maintaining a system of progress reporting in program and financial areas; serving as the focal point for statistical reporting pertaining to more than one bureau or office; coordinating statistical data and preparation of statistical summary tables for budget presentations; and providing consultant service and technical assistance in statistical areas.

Budget Procedures and Manpower Division: Mr. A. R. Paquin, Director

Is responsible for long-range studies in budgetary planning and administration; developing instructions for budget preparation and execution; reviewing budget submissions for technical correctness and compliance with requirements; coordinating civilian manpower requirements with the budget; and developing budget information for use in the allocation of civilian personnel ceilings by the Assistant Secretary of the Navy (Personnel and Reserve Forces).

Assistant Comptroller, Accounting and Finance

Asst. Comptroller: Mr. N. P. Cassidy

Special Assistant: Captain H. E. Nixon

Accounting Division: Mr. M. W. Harrell, Director

Is responsible for prescribing accounting systems for the Department of the Navy, including appropriation, cost, property, industrial, and non-appropriated funds; the type and content of accounting records and reports; supervising the execution of policies and procedures relating to accounting systems; and developing and implementing procedures relating to the collection and expenditure of funds under the control of the Navy.

Military Pay Division: Captain J. S. Dietz, Director

Is responsible, through the initiation of legislation and administrative regulations, for providing for the integrity of the military pay system and determining the entitlement of military personnel and dependents to pay and allowances.

Finance Division: Mr. J. B. Plott, Director

Is responsible for administering guaranteed loans and advance payments; determining policy for: progress payments, management funds, banking facilities at Navy installations, military payment certificates, fiscal aspects of international agreements and education of dependent children in continental United States, and collection of Navy contractual indebtedness, including renegotiation.

Assistant Comptroller, Audit

Assistant Comptroller: Rear Admiral L. C. Peppell

Contract Audit Division: Mr. G. A. Middleton, Director

Is responsible for formulating internal policies; implementing policies of higher authority; planning, research, instruction and liaison; and evaluating effectiveness, respecting performance of necessary auditing (and related procurement liaison, advisory and analysis services) of a contractor's representations of costs incurred on defense contracts, concluding with reporting findings or approving claims.

Internal Audit Division: Captain W. L. Atkinson, Jr., Director

Is responsible for formulating policies; implementing policies of higher authority; planning, research, instruction and liaison; and evaluating the effectiveness, respecting performance of comprehensive internal audits of activities of Department of the Navy, reporting audit findings and making recommendations to management for corrective action.

Audit Management Division: Commander L. D. Patton, Director

Is responsible for formulating, directing, executing, and evaluating audit management policies, plans and programs applicable to the Navy audit organization including office services, security, budget operations, financial reporting, operational reports and statistics, work measurement, organization, mobilization planning, reports and forms control, coordination of instructions and manuals, and audit management liaison.

Audit Staffing Division: Commander Margaret W. Mayes, Director

Is responsible for formulating internal policies; implementing policies of higher authority; planning, research, instruction and liaison; and evaluating effectiveness, respecting all audit personnel matters applicable to the Navy audit organization, including recruitment, career incentives, career development, training, utilization, position classification, performance evaluation, and personnel actions and reports.

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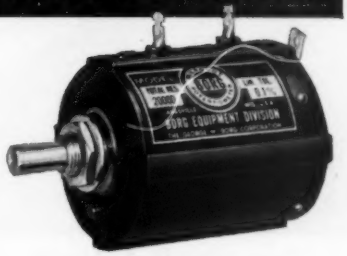

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Rear Adm. R. J. Arnold
Chief of BuSandA

BUREAU OF SUPPLIES AND ACCOUNTS

OPERATING forces of the Navy today are dispersed to all corners of the globe, and it is the responsibility of BuSandA, as manager of the Navy Supply System, to provide repair parts to support those dispersed ships and aircraft; to provide general supply items, food, clothing to all Naval personnel; and to completely support the Navy's far-flung shore establishment. Additionally, accounting and disbursing services are provided to or for all Naval activities.

Supply Corps officers are a professional group of businessmen because they, in fact, specialize in doing much of the Navy's business, and in management. BuSandA manages the supply depots and supply centers of the Navy, and staffs them with its Supply Corps officers; just as it also provides the officers to do the supply and accounting and fiscal work at shipyards, the Naval air stations, and on the ships. To simplify the concept a little, it has the responsibility of managing most of the Navy's inventory of supplies and repair parts required to support the fleet.

The logistics crash program of World War II, coupled with the drastic change in Navy war plans and theory, resulted in a cumbersome growth of approximately 32 offices springing up within the bureaus, each responsible to manage rather specialized esoteric segments of the Naval inventory—one for searchlights, another for deadreckoning and tracer machine equipment, etc., all issuing directives, getting reports and running a small, private empire.

In the immediate post-war period, committees were appointed to study the whole Navy logistics effort, and to make recommendations as to the Supply System which would best serve its needs. The system, of course, had to consider the new complexity of naval vessels; and the paramount need to make the supply system *responsive* to the Navy's requirements at all levels. The two committees, one of experienced naval officers, and the other, of businessmen, made quite similar recommendations. These led to the establishment of the system known as the Integrated Navy Supply System.

One of the chief attributes of this system is the principle of centralized control of specialized material by inventory managers, whom the Navy calls Supply Demand Control Points. Another essential attribute was a logical standard, and functional relationship between the Bureaus and the managers.

Material has been divided into approximately 14 categories. The responsibility for procurement, storage, and distribution of each category has been assigned a specific SDCP.

Thus, separate SDCP's have been established to control Navy material falling within each of several categories such as: aviation, electronics, ships parts, clothing, ordnance, submarine, and general stores.

The Navy's supply system is "big business" in every sense. There are approximately 1,300,000 different items under continuous inventory control and study by twelve SDCP's and 2 single-manager agencies to assure optimum stock levels, to improve procurement, preservation, storage and distribution methods and procedures; further, to determine their continued suitability for the purpose intended.

Each of these activities has, within the Navy, centralized control of all the material throughout the Navy, until it is issued afloat. Only one inventory manager has control of a stock item. His material is identified by a code letter, which is made a part of all the stock numbers of the Navy; so there is no doubt as to whose material it is. He is responsible for all technical information—use, substitution data, etc. —of all of his items.

He establishes all policies regarding determining requirements for, procuring or distributing or disposing of his stock items. He is responsible for providing all customers in the Navy—whether they are shipyards, ships, advance bases, Antarctic expeditions, or a small recruiting station—with his material. To do this, he can develop a procurement, storage and distribution system which (within limits of good sense) is best for the material he controls. He is the expert.

An important aspect that characterizes the Integrated Supply System is the matter of logical relationships. Who is responsible for doing what? In the Navy, the Bureaus are respon-

sible for design and development of equipment; for procuring these items; and for managing the activities connected with their interests. In addition, they frequently have inventory control—at least until equipment is installed aboard a ship—of *major* items they buy, such as a complete gun installation, or missile launching equipment. Secondary items such as components or parts to support or maintain these items, or items of a general supply type, such as paint or valves, are to be turned over, in this concept, to the SDCP's.

There must, of course, be a beginning and continuing relationship between any major item and the parts to support it. As a result, there must be a close liaison between the SDCP and its technical bureau.

For instance, when new equipments are bought, the SDCP sends its engineers or technicians to the plant of the manufacturer who is making the equipments. Jointly with Bureau representative they determine what repair parts should be bought. These selected repair parts are ordered from the manufacturer and the SDCP stipulates delivery destination. Design changes in major equipment must be known to the SDCP, so that repair parts for the new model changes can be purchased. Information on location, delivery time, and intended installation of equipment must be made known to the SDCP so parts for the equipment can be properly positioned. These are the kind of relationships meant when it is said the Bureau has "technical control" of the SDCP.

BuSandA takes over the function of technical bureau in categories of material over which it has cognizance. At present these are: provisions, clothing, general stores, fuel, and Ship's Store articles.

Now obviously, there is a problem of coordination here. If each SDCP—which makes the rules on how its material is to be handled,—does everything in a different way than the other SDCP's do, it is bound to make the operation of a supply department in the yard much more difficult. Each yard could have as many as 14 activities (not counting its own bureau) telling it how to do its supply business.

To prevent this sort of chaos, BuSandA endeavors to standardize as much as possible all the procedures and methods of the SDCP's; and allows variations from the basic procedures only when the situation or the peculiar nature of the material demands it.

Each supply demand control point receives periodic reports, usually quarterly, from each of the major activities stocking any of its material—usually the supply depots and centers, the shipyards or major air stations. These EAM card reports are consolidated with other data, and give the inventory manager a picture of his stock—just as if he had gone out and counted it. From this information, and other guidance he receives from the Bureaus, he can decide what activities need more stock and by what means to provide it—either redistribution or new procurement.

In summary, then, the Navy lets the inventory managers do the basic positioning of stock at the large Navy activities, which act as stocking points or distribution points.

In spite of the constantly improving supply system, however, BuSandA is not without problems. Management improvement of manhours, materials, space, and equipment is a constant headache. The continued maintenance of a responsible supply system, in itself, is an increasingly complex task for several reasons: the steadily increasing range, speed, and dispersal of fleet operations, coupled with the immense perimeter of the potential enemy; the current emphasis on mobility and instantaneous retaliatory capability; the complexity and high cost of equipments and materials; the increase of prototype equipments; and the high probability that a future war will be fought in an economy of relative scarcity.

Within its own shop, BuSandA has said there are several improvements needed. Among them: improved forecasts of usage rates of supplies at both the system and the local level (most present supply problems stem from the difficulty of anticipating needs); a better balance in the items and quantities of supplies carried aboard ship; simpler and faster service to "customers"; a systematic means to equate such factors as military value and cost to purchase, cost to distribute, holding cost, and cost of movement; better procedures for inventory control and for keeping track of supplies on hand at worldwide naval installations; more adequate management controls, such as full use of modern techniques for automatic data processing and fast data transmission.

Organization

Chief of Bureau of Supplies and Accounts: Rear Adm. R. J. Arnold

Deputy and Assistant Chief: Rear Adm. T. L. Becknell, Jr.

Policy Council

The Council is composed of the Chief of the Bureau, the Deputy and Assistant Chief, the Inspector General of the Supply Corps, Assistant Chiefs, BuSandA Comptroller, and the directors of Technical Information, Naval Personnel, Planning and Administrative services; is responsible to the Chief, BuSandA, and Paymaster General of the Navy for assisting and advising in the development of broad Supply Corps plans and policies and for recommending major problem solutions.

Staff Assistants

Inspector General: Rear Adm. A. J. Bourjeois

Technical Information: Cdr. S. F. Zimet

Secretariat: Cdr. J. W. Parker

Special Assistant: Capt. E. D. Stanley, Jr.

Professional Assistants Division: P. P. Brown

Office of Counsel: Wm. Sellman

Assistants have responsibility to Chief, BuSandA, for BuSandA operational areas indicated by their titles.

Director of Planning: Capt. W. H. Schleef

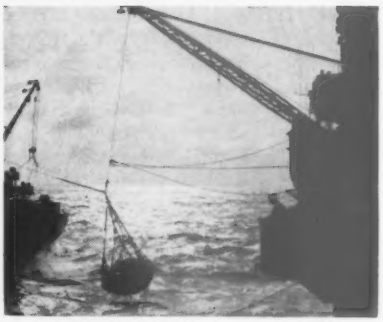
Director uses five divisions (plans coordination, afloat facilities, shore facilities, passive defense, mobilization material reserve) to carry out his responsibility for such plans matters as: coordination of BuSandA plans and programs to insure compliance with those of higher authority and the bureau's mission; interpretation of plans, directives, and guidance received from proper authority; coordination of development, determination of divisional responsibility, and evaluation of results in logistic, mobilization, and related assigned planning programs within BuSandA and its field activities.

Director of Management Engineering: Capt. Fred B. Stewart

With four divisions (organization, program, survey, methods and standards), office is responsible for development, coordination, and maintenance of a management engineering program to assist in the continuing development of sound business administration within the bureau and its field activities.

Director of Administrative Services: Cdr. B. A. Rhoades, Jr.

Here four divisions (office services, publications, security, and machine records) are used to carry out the director's mission of coordination of office services of the bureau, providing the bureau with internal security, the application of regulations and standards governing the printing and distribution of bureau publications, and providing electric accounting machine services for BuSandA divisions and certain local field activities of the bureau and, as required, for other bureaus and offices of the Navy Department.



Replenishment at sea, a key to Navy mobility, is demonstrated by supply transfer from cargo ship to USS *Independence*.

Director of Industrial Relations: W. J. Hurd

Director uses two divisions (field industrial relations, bureau civilian personnel) to perform its duties for development and coordination of a comprehensive industrial relations program for BuSandA and for field activities under its management control.

Director of Naval Personnel: Capt. E. W. Sutherling

Director is responsible for the administration of the personnel program for officers of the Supply Corps and supply clerks, and for the development of programs for the training of related enlisted rates, advises on billets and training, has five branches: detail, naval reserve, training and procurement, administrative, and personnel planning.

Comptroller of BuSandA: R. C. Moot

Utilizing four divisions (statistics, budget and reports, internal control, stock finance) and project managers and field liaison, the Comptroller is responsible, in accordance with directives of higher authority, for budgetary and bureau-type appropriation accounting policies, procedures, and administration through coordination of the preparation, justification, and execution of BuSandA's budget plan; civilian personnel ceiling control; progress and statistical reporting; Navy Stock Fund and Navy Stock Account; and maintenance of bureau level cost and appropriation accounts.

Assistant Chief for Purchasing: Capt. R. A. Williams

Using a technical and special assistant, small business specialist, purchase operations division, and purchase planning division, the Assistant Chief for Purchasing administers the bureau's technical and management responsibilities in connection with field purchasing operations coming under the cognizance of a contracting officer of BuSandA; acts for Chief of Bureau as coordinator for field purchasing management, establishes appropriate program and project priorities; develops and implements BuSandA's Industrial Mobilization Program.

Assistant Chief for Supply Management: Rear Adm. L. P. Kimball, Jr.

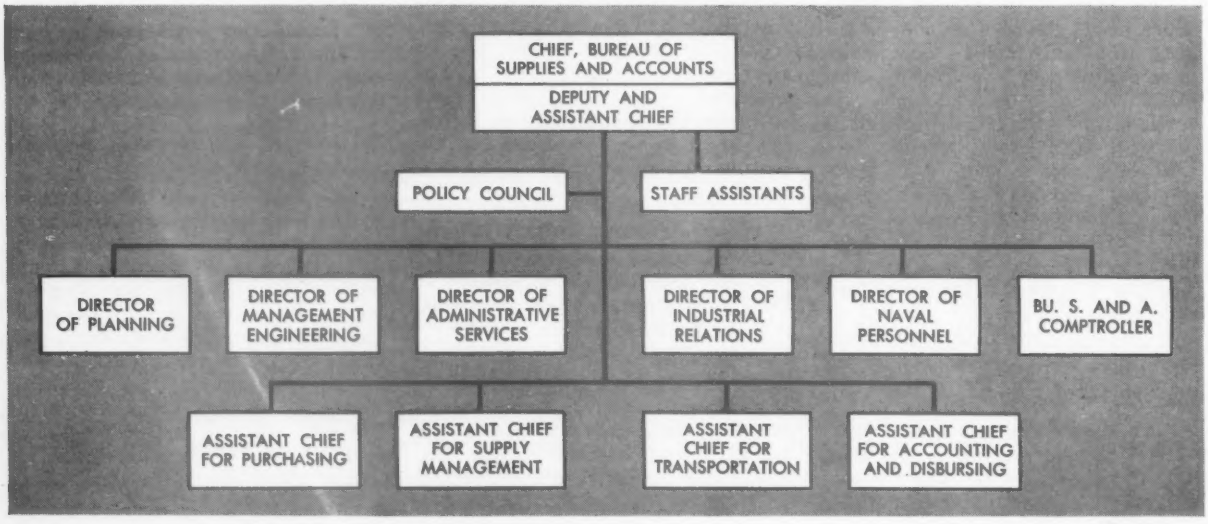
From a divisional breakdown standpoint, this is the largest office in BuSandA. There are two liaison divisions (aviation supply and electronics supply); a materiel redistribution division; and divisions for materiel disposal, inventory control, clothing, special projects, ship's store, stock coordination, shore establishment, storage, fuel, and subsistence, as well as an advanced supply system research and development division. The mission of the office is to direct, plan, and implement policy and coordinate the bureau's Navy-wide supply management responsibilities. This includes such functions as: establishing program priorities, approving over-all allocation of material program funds and civilian personnel complement to field supply activities; exercising the bureau's management control responsibility over activities concerned with supply management; maintaining liaison with the National Bureau of Standards, the Bureau of the Budget and other governmental agencies and private industry to keep abreast of the latest related developments in connection with electric accounting machines, electronic computers and data processing systems.

Assistant Chief for Transportation: Capt. E. F. Metzger

Office has four divisions (transportation coordination, transportation control, household goods, and terminal), is assigned the mission of planning and implementing of BuSandA's Navy-wide duty with respect to transportation of Navy material, and military and civilian personnel household goods; and for land, sea, and air terminal operations.

Assistant Chief for Accounting and Disbursing: Capt. W. E. Cates

Assistant Chief has five operating divisions (special projects, stores and plant accounting, field operations, property accounting and military assistance), is responsible for BuSandA policy, direction and coordination of Navy-wide property accounting and disbursing responsibilities; administers disbursement and collection of funds, the operation of appropriation and cost accounting at activities under management control or financial responsibility, BuSandA, except for bureau-type appropriation accounting; and administers BuSandA's financial responsibilities for the military assistance programs and Naval Working Fund allocations.


CHIEF, BUREAU OF SUPPLIES AND ACCOUNTS
DEPUTY AND ASSISTANT CHIEF
POLICY COUNCIL
STAFF ASSISTANTS
DIRECTOR OF PLANNING
DIRECTOR OF MANAGEMENT ENGINEERING
DIRECTOR OF ADMINISTRATIVE SERVICES
DIRECTOR OF INDUSTRIAL RELATIONS
DIRECTOR OF NAVAL PERSONNEL
BU. S. AND A. COMPTROLLER
ASSISTANT CHIEF FOR PURCHASING
ASSISTANT CHIEF FOR SUPPLY MANAGEMENT
ASSISTANT CHIEF FOR TRANSPORTATION
ASSISTANT CHIEF FOR ACCOUNTING AND DISBURSING

Vice Adm. J. L. Holloway, Jr.
Chief of Naval Personnel

BUREAU OF NAVAL PERSONNEL

THE Bureau of Naval Personnel, better known as BuPers to the some 670,000 persons on active duty and the additional thousands in the Naval Reserve, is in the business of people.

It is responsible for the procurement and distribution of all personnel in the Navy; recruiting, basic and technical training and education of all military personnel of the Navy as individuals except professional medical and aviation training; maintaining records of service; and supervising welfare, promotion, discipline, discharge and retirement of all personnel of the Navy.

In other words, whether a person wears a rating badge on his sleeve or scrambled eggs on his cap, whether he runs a galley, a barge, or a fleet, his life is affected by the business of BuPers.

The story began in 1842 when Congress enacted legislation creating the bureau organization in the Navy Department. From time to time, since 1842, the bureau organization has been modified—new duties were assigned bureaus, names were changed to be more descriptive of the duties which were performed, and new bureaus were created to handle new functions.

An important change which was to affect the present BuPers organization took place in 1862 when the Bureau of Navigation was established as the scientific bureau of the Navy Department and was charged with the functions performed by the Naval Observatory and the Hydrographic Office. By 1889 it acquired personnel functions pertaining to procurement, training, distribution, performance, welfare and records of military personnel, both officer and enlisted, of the entire Navy. After 1915, when its duties of a military character were transferred to the newly created office of the Chief of Naval Operations, it was primarily a personnel bureau.

In 1941 the rapid enlargement of the Navy correspondingly expanded the work of the Bureau and necessitated a major reorganization which resulted in the creation of new divisions. On December 6, 1941, moving of the Bureau from the Navy Building in Washington to its present location in the newly constructed Arlington Annex was completed. The war with Japan which began the next day required plans for transforming the Bureau to a wartime basis. Although the files of the old Planning Division contained some war expansion charts, the organization of the Bureau in time of war was not included.

The first steps taken to improve administrative efficiency were to eliminate duplicated functions such as consolidating the duties of the Naval Reserve with similar functions performed for the Regular Navy. A second step was completed when an Executive Order on April 8, 1942, eliminated the scientific duties of the Bureau by transferring the Naval Observatory and Hydrographic Office to the office of the Chief of Naval Operations.

Over a month before the issuance of the Executive Order, the Chief of the Bureau had recommended that the Secretary of the Navy initiate legislation to change the name to the Bureau of Naval Personnel. An act of May 13, 1942, accomplished the change and at the same time the title Chief of the Bureau of Navigation was changed to the Chief of Naval Personnel.

In order to ease the transition from the old organization to the proposed eventual plan, the main system set up Directors of Planning and Control, Officer Personnel, Enlisted Personnel and Special Activities.

The plan was enacted without seriously affecting the work of BuPers, and although additional personnel were needed the existing heads of divisions were utilized in similar assignments in the new organization. The full impact of World War II, together with the expansion of the Navy to a "two ocean Navy," developed a need for many minor reorganizations of the Division make-up of the Bureau in the years between 1942 and 1945.

Since 1945 changes were made to properly emphasize the principles of good management and redelegate responsibilities for various functions as the need arose. The present organization as outlined below has resulted from the various changes:

Pers—Chief of Naval Personnel; Pers A—Assistant Chief for Plans; Pers B—Assistant Chief for Personnel Control; Pers C—Assistant Chief for Education and Training; Pers D—Assistant Chief for Naval Reserve; Pers E—Assistant Chief for Records; Pers F—

Assistant Chief for Performance; Pers G—Assistant Chief for Morale Services; Pers H—Assistant Chief for Finance and Property Management; Pers J—Chief of Chaplains; Pers K—Assistant Chief for Women; Pers L—Assistant Chief for Special Projects.

The present job of the 470 officers, 360 enlisted and 2,000 civilian personnel who staff the Bureau is a far cry from the first personnel responsibility allocated to the Bureau of Navigation in 1864 of training recruits to man the USS *Practice* and USS *Sabine*.

After plunging into the momentous task of procuring and training more than 3,000,000 men for the global war, the end of World War II brought no relief as the Bureau turned to the task of demobilizing personnel, storing the greatest fleet in the world in moth balls, and at the same time maintaining the state of preparedness required by the unsettled international situation which still exists today.

One of the biggest hurdles BuPers has to leap today is the difficulty of keeping adequately trained personnel available to fit smoothly into line with the development of new weapons. No matter how men and women are obtained or made available, they must be trained.

Each division within the over-all organization of BuPers has an important task which affects life of naval personnel both while on active duty and after separation.

Organization

Chief of Naval Personnel: Vice Adm. J. L. Holloway, Jr.

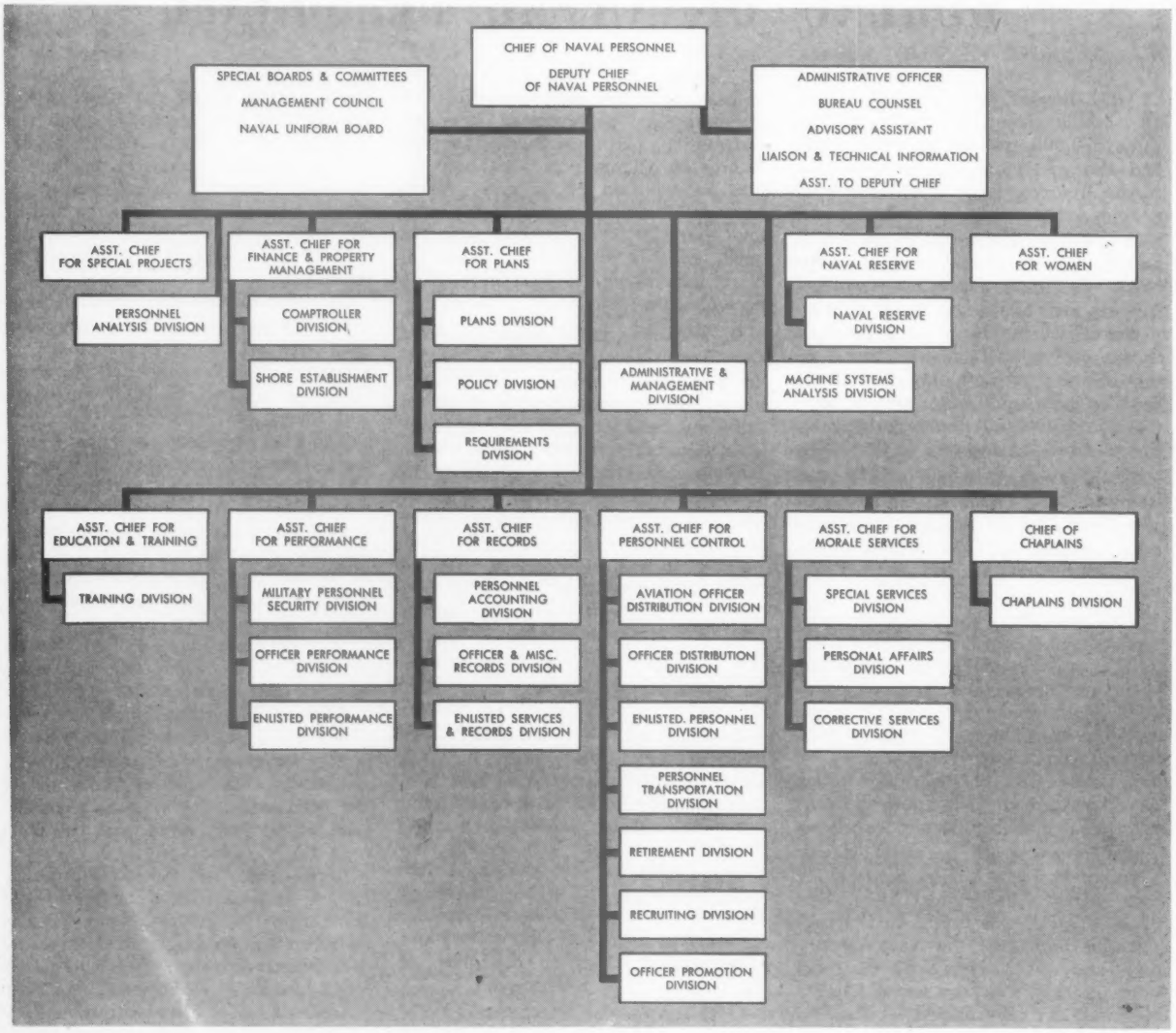
Deputy Chief of Naval Personnel: Rear Adm. Kenneth Craig

Asst. Chief for Special Projects: Capt. J. V. Noel

Carries out such special projects and programs in connection with the implementation of approved personnel policy as may be assigned by the Chief of Naval Personnel.

Asst. Chief for Finance & Property Management: Capt. Brooke Schumm

Office is organized into two divisions —Comptroller and Shore Establishment. First one uses five branches (budget, internal review, accounting, allowances and entitlements, and manpower) to budget for and administer appropriated funds; analyze planned objectives for development and support of bureau budgets; evaluate accomplishment of planned objectives in relationship to available resources and recommend such actions as are appropriate to carry out bureau mission. Second division with three branches (maintenance and operations, shore station development, and equipment) administers programs for the procurement, operation, maintenance, repair and improvement of plant property assigned to bureau field activities, develops and executes construction pro-



grams required to accomplish the bureau's assigned mission; administers bureau real estate and utility leases.

Asst. Chief for Plans: Capt. M. R. Dornin

Office has: a Plans division, Policy division, and Requirements division. In general, initiates, develops, and evaluates general plans, policies, and legislation for the overall administration of naval personnel; insures implementation of applicable enacted legislation and directives from higher authority and coordinates action on proposed legislation, regulations, and directives; controls formulation and release of policy and statistical information as necessary to insure a coordinated position among cognizant divisions; prepares bureau manual material, strength, statistical and analytical data and reviews all ships and stations directives and other pertinent matter to insure correct interpretation and execution of laws, regulations and established plans and policies; develops requirements for all naval personnel by category, grade, rate, skill, activity and billet for present, future and mobilization conditions.

Asst. Chief for Naval Reserve: Capt. A. Jackson, Jr.

Responsible for the formulation of policy governing the Naval Reserve and develops, coordinates and plans its operations.

Asst. Chief for Women: Capt. W. R. Quick

Acts as advisor to Chief and Deputy Chief of Naval Personnel on matters pertaining to women in the Navy.

Asst. Chief for Education and Training: Capt. J. R. Leeds

Office handles formal Navy training, controls civilian on-duty programs such as the NROTC and Enlisted Advanced School Program, and off-duty programs such as tuition-aid and USAFI. In addition, coordinating with the Naval Reserve Division, the two weeks active duty training period of reserves is a responsibility.

Asst. Chief for Performance: Capt. J. Corbus

Utilizing three divisions (military personnel security, officer performance, and enlisted performance), this section of BuPers has such responsibilities as: initiating, developing, and administering policies and programs covering military personnel security for all Navy personnel; handles classification clearance, eligibility and screening; initiates, reviews, and recommends officer and enlisted personnel performance policies and implements when established; general administration and supervision of all matters relative to personnel performance and action in individual cases.

Asst. Chief for Records: Capt. G. L. Conkey

With three divisions (personnel accounting, officer and miscellaneous records, enlisted services and records), the office develops and/or coordinates policies and procedures for: the operations of the personnel accounting system; produces machine tabulated and personnel accounting records for planning, controlling, and historical purposes; controls and coordinates the bureau's responsibility for the functions of the addressing systems in the naval districts; exercises management control over personnel accounting machine installations and technical control over all electric accounting machine installations under bureau cognizance; handles all records matters of naval personnel such as administration and use of records and correspondence files of officers, creation, maintenance and disposition of enlisted service records; takes specific action on promotions, discharges, and discipline of enlisted personnel.

Asst. Chief for Personnel Control: Rear Adm. J. R. Lee

Personnel Control has seven divisions (aviation officer distribution, officer distribution, enlisted personnel, personnel transportation, retirement, recruiting, officer promotion); handles such matters as assigning and rotating personnel between shore and sea duty; coordinating recruiting; handling advancements and promotions; and appointing men from civilian life to a commissioned officer status through such programs as officer candidate schools and NROTC; supervises transportation of naval personnel and their dependents.

Asst. Chief for Morale Services: Capt. O. D. Finnigan

Through three divisions (special services, personal affairs, corrective services), this section formulates and promulgates policies for programs designed to increase and sustain high levels of morale and efficiency for naval personnel; provides recreational and physical fitness programs; exercises technical control of officers' messes, CPO messes, and enlisted men's clubs ashore; expedites monetary and morale aid to dependents, advises on insurance and veterans affairs matters, processes casualty notifications, formulates policies for medals and awards; exercises management control over retraining commands, and technical control over Navy and Marine brigs and shore patrol activities.

Chief of Chaplains: Rear Adm. E. B. Harp, Jr.

Develops and executes policies governing the administration and functioning of the Chaplain Corps of the Navy and the Naval Reserve; recommends the procurement, examination, training, distribution and equipment of chaplains.

Personnel Analysis Division: Capt. F. A. Zimanski

Directs the conduct of applied research, including contract research, in naval personnel administration and manpower utilization; advises Chief of Naval Personnel as to general and specific needs for research projects.

Administrative & Management Division: C. B. MacLean

Advises and assists the Chief and Deputy Chief of Naval Personnel in the general administration and management of the bureau; handles budget matters for internal BuPers operation.

Machine Systems Analysis Division: Capt. Carlyle Ingram

Develops and executes policies governing the use and implementation of business machine systems where possible to improve the performance of the BuPers mission.

INVENTORY CONTROL

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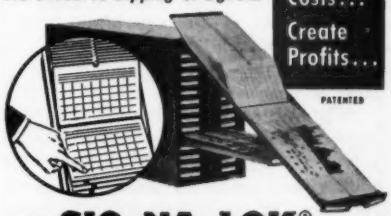

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Vice Adm. E. W. Clexton
Chief of Naval Material

OFFICE OF NAVAL MATERIAL

THE CHIEF of Naval Material is responsible, by statute, for effectuating policies of procurement, contracting, and production of material throughout the Navy Department and the plans therefor; for determining procurement and production policies and methods to be followed by the Department in meeting the material requirements of the operating forces; and coordination and direction of efforts of the bureaus and offices in this respect.

Within the authority of the assigned responsibility for basic matters related to industry and business, the Office of Naval Material performs functions in major areas of procurement, production, inspection, and supply programs.

Primary functions in the *inspection* area are exercise of policy direction over all procurement inspection activities within the Department of the Navy and exercise of direct management control and/or coordination over the general inspection office and coordination control over the bureau inspection offices.

During fiscal 1957, new Navy procurement amounted to $6.96 billion. Against such a backdrop, ONM has been active in several areas, trying to improve operations. Here are just a few:

Industry preparedness measures have been given increased emphasis in line with current mobilization concepts and stringent budget conditions for conserving production time and money. These measures are designed to shorten conversion, reactivation, and production times, as well as to reduce plant vulnerability and requirements for industrial manpower, critical materials and costs.

The Department of Defense register of planned mobilization producers lists approximately 19,000 industrial plants with which production allocation planning is being conducted. In each of approximately 5,000 of these plants, the Navy has been assigned responsibility for performing the functions of Armed Services Procurement Planning Officer.

Plans

According to a report from the office, future plans for ONM look like this:

"It is expected that the workload for the general inspection offices will be fairly high during Fiscal Year 1958 regardless of any significant curtailment of procurement. In the area of Industrial Programming it is planned to perform an optimum job on fewer contracts, and, in general, to be more selective in work efforts. Increased emphasis will be made on the use of new procedures and techniques in the acceptance inspection of procured materials, with provision for required training and/or recruitment consistent with personnel allocations and funds.

"This office will continue its efforts in behalf of qualified small business firms and will endeavor to aid these firms to gain increased participation in Navy procurement in the prime and subcontracting areas.

"It is expected that a general downward trend in the contract termination workload will continue. Continued action will be taken to streamline termination operations within the Navy to the greatest extent permissible within good administrative practice.

"During FY 1958 increasing emphasis will be placed on developing and testing approaches to the problems of manpower mobilization planning at the local and district level in connection with Navy production programs. Studies are planned by ONM which will provide the basis for improvement in this area."

The ONM, in its program of planned management improvements, will continue to control and review the preparation of fiscal year budget estimates in the areas of industrial mobilization planning, stressing to the bureaus the necessity for definite, well-substantiated and timely estimates in consonance with the current mobilization concept of general war and conflict short of general war. Expenditures in this field will be more closely controlled. Substantial increase in the use of industrial preparedness measures will be emphasized as necessary both to keep abreast of technological progress in production for the current

mobilization concept and to eliminate production areas that might become bottlenecks in time of mobilization.

Continued emphasis will be placed on the industrial defense program. Through this program the Navy will seek to minimize the loss of vital wartime production capability through application of vulnerability, passive defense, and restoration measures applied to facilities determined to be of paramount importance to Navy's readiness position. Companies on the Key Facilities list will be those making newer weapons and primarily in dispersed areas. They will have the best possible physical security and be capable of rapid recuperation if in a target area.

A plan under development to reduce the volume and need for record report transactions will substantially improve the inventory system by reduction of record files, curtail processing of manual and mechanized records, and permit more current reflections in the inventories through simplified reporting of inventory changes.

Designed specifically for field use, a property control handbook under development will consolidate policies and procedures, for the Class 3 Plant Property Control System, and serve as a guide for new employees as well as other Navy management echelons.

A prerequisite to the effective exchange of functions is standardization of policies and procedures, methods, forms, and organizational assignments related to contract administration functions.

According to the Navy, the standardization can be achieved, contracts and subcontracts could be assigned directly by the contracting officer to the inspection office (Army, Navy, or Air Force) which would not only perform all contract administration functions but would also have responsibility for the performance. This would result in a substantial saving in time and effort in the entire Department of Defense.

Organization

Chief of Naval Material: Vice Adm. E. W. Clexton

Vice Chief: Rear Adm. R. L. Swart

Aide & Spec. Asst.: Cdr. H. Dennis Moore

Planning and Management Review Staff: Capt. R. L. Savage

This staff coordinates and/or prepares various Office of Naval Material plans and reports, including review of mobilization logistic plans of designated activities; coordinates and/or prepares comments on legislative items of interest to the Office of Naval Material, and provides ONM liaison with the Office of Legislative Liaison; and performs management planning services for ONM.

Marine Corps Liaison Officer: Maj. L. W. Benjamin, Jr.

Navy Labor Relations Advisor: J. E. Kuczma

Provides coordination and guidance for the Navy Department in the field of labor relations including promoting mutual understanding between labor and Navy and representing the Navy in public relations programs where labor is involved.

Administration division: Cdr. L. G. Benson, director

The division has five branches—military personnel, civilian personnel, budget and office services, correspondence control, and records management. Its mission is to provide over-all administrative support for ONM and coordinate its functions with external activities. This includes such functions as: providing for the procurement, distribution, and detachment of departmental military and civilian personnel; administering and supervising the ONM Volunteer Reserve Program; preparing and administering the ONM internal budget; conducting the control of internal security; administering the Directives Issuance Control System and the Reports, Forms and Records Management Programs within the ONM; performing correspondence control functions; and providing related office and administrative services.

Professional Services division: W. J. Birthright, director

Using two branches (fraud and irregularities, and contractor ineligibility, debarment and suspension), the office develops fully all reported information relating to fraud and other irregularities in the procurement, production, and disposal of material; disseminates such data to cognizant Navy Department bureaus and offices and assists them actively in required remedial or corrective action; recommends the addition to or removal of producers' names from the consolidated list of debarred, ineligible and suspended contractors; formulates policies and procedures pertinent to the aforementioned publication and performs the necessary coordinating action.

Procurement division: Capt. E. M. Fagan (SC), asst. chief and director

In addition to an assistant director and two special assistants and a procurement review group, the office has seven branches: procurement, small business, coordinated procurement, contract insurance, financial and statistical, coordinated negotiation, and

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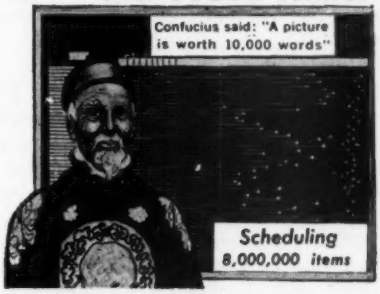

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contract clearance. It is responsible for such functions as formulation and effectuation of procurement contracting policies and methods to be followed by the Navy in meeting the material requirements of the operating forces; coordinating and directing the efforts of the bureaus and offices of the Navy Department in this respect; and evaluating the effectiveness and efficiency of Navy procurement.

Production division: Capt. C. L. Gaasterland, asst. chief and director

From a departmental standpoint this is one of the larger offices in ONM. Six branches (industrial mobilization planning, facilities, technical, aeronautics programs, ordnance programs, and ships programs) are further broken down into 20 sections handling portions of the branch missions. The division is responsible for the formulation, promulgation, and effectuation of policies and methods governing the production of material.

This includes such functions as evaluating proposed production plans, schedules, and deliveries in the light of current and mobilization requirements; assisting the bureaus and offices of the Navy Department and industry to achieve production which is efficient, economical, and timely; coordinating production activities of the Navy with other segments of the Department of Defense and with appropriate civilian agencies of the government.

Field Services division: Capt. G. L. Heap, asst. chief and director

With a management review group and five branches (management, planning and comptroller, industrial security, field administration, material, and contracts), this division has the mission of exercising management control over the general inspection offices (Supervising Inspectors of Naval Material, Inspectors and Assistant Inspectors of Naval Material), and coordination control over the Material Inspection Service, USN (general and bureau inspection offices). Its specific functions include: formulate and promulgate to the Material Inspection Service, USN, policies and procedures for the field administration of contracts, inspection and acceptance of materials, industrial mobilization planning, and such other matters as may be directed; promulgate to all activities throughout the Naval Establishment directives and regulations necessary to the implementation of industrial security policies developed by the DOD and adapted to the Naval Establishment; review and evaluate compliance with such policies and procedures and issue orders as required to insure compliance.

Supply Programs division: Capt. W. T. Greenhalgh (SC), asst. chief and director

Division contains branches for cataloging, inventory management, standardization and packaging, and plant property; formulates and promulgates policies and methods governing activities of the Navy with respect to determination of stock levels and replenishment requirements, supply system inventory management of plant property, inventory control, cataloging, transportation, specifications, standardization and packaging, and redistribution of excess personal property and disposal of surplus personal property; reviews compliance.

Navy Contract Adjustment board: Capt. Edward M. Fagan (SC), chmn.

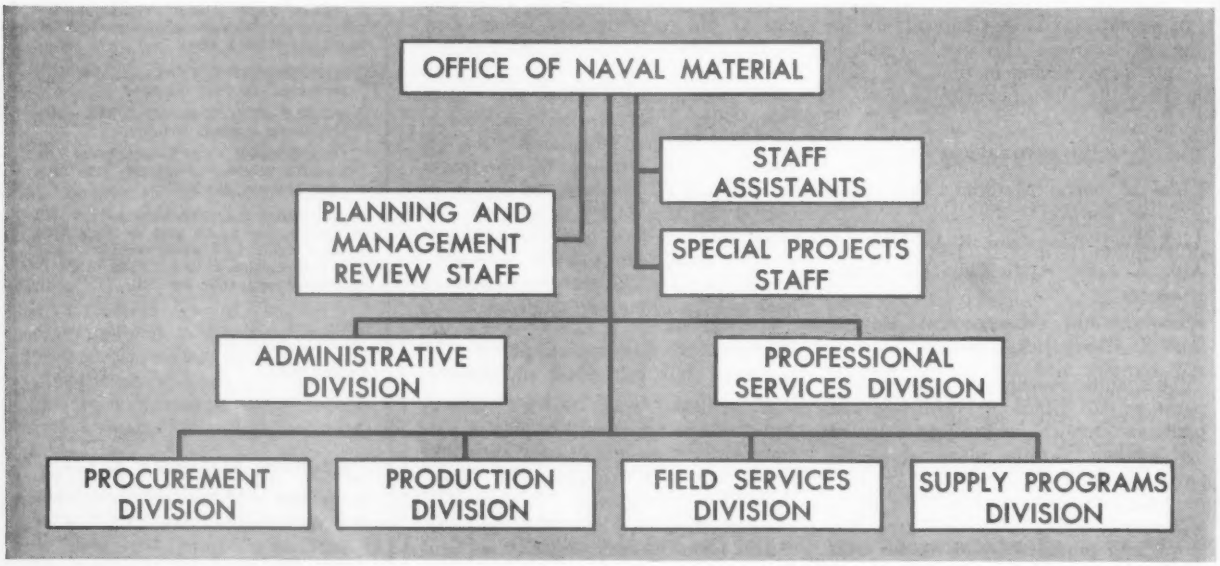
Reviews and approves or disapproves requests for amendment of contracts without consideration and for (a) correction of mistakes in contracts, and (b) formalization of informal commitments, when authority to take action on these two types of contracts has not been delegated to heads of procuring activities

Navy Emergency Facilities Depreciation board: Capt. Edward M. Fagan (SC), chmn.

Reviews requests of contractors for determination of true depreciation of emergency facilities for which the Defense Production Administration or the Office of Defense Mobilization issues or has issued certificates of necessity; determines true depreciation of emergency facilities for which the Navy has the responsibility for the making of such determinations, in accordance with basic principles established by the DOD.

Navy Panel, Armed Services Board of Contract Appeals: J. J. Phelan

As one of the three panels of the Armed Services Board of Contract Appeals, the Navy Panel exercises authority delegated to the board by its charter, as set forth in the Armed Services Procurement Regulation and the Rules of the Board. (The Panel is attached to the Office of Naval Material for administrative support only.) It performs factual and legal research, holds hearings, and issues written decisions regarding appeals made by contractors from decisions rendered by contracting officers in disputes arising under military contracts.



Rear Adm. R. Bennett
Chief of Naval Research

OFFICE OF NAVAL RESEARCH

AFTER World War II, the Navy, profiting by its wartime experiences, was anxious to lay the foundation for meeting long-range scientific needs. Accordingly on August 1, 1946, the 79th Congress established the Office of Naval Research to insure continued and well-coordinated scientific research in the Navy.

In 1946 the Office of Naval Research stood almost alone in the support of scientific research. It assumed the responsibility for supporting research in nearly every area that had implications for the Navy. This first peacetime venture by the United States Government into large-scale support of a broad program of basic work in science helped to replenish the reservoir of fundamental knowledge that had been all but exhausted by years of intensive wartime development. ONR was charged with manning the Navy's front line of defense in what has become the most important theater of modern warfare—scientific knowledge.

After ONR's establishment there was a gradual trend toward a more integrated overall Navy research program, largely through the type of informal coordination carried on within the Navy by ONR. It became increasingly apparent that programs must be in terms of developing weapons systems rather than weapons. It also became apparent that as the Navy's programs took it deeper into science there was more and more a common scientific foundation for different kinds of development.

In its coordination of research ONR's basic policy has always been to avoid the establishment of rigid, formal machinery for coordinating and planning. Its purpose is, rather, to provide the means for inter-bureau and inter-laboratory groups to get together. It moves into technical areas that appear critical to the Navy, and into warfare areas where the work appears to require integration.

In this way the entire emphasis is upon the content of the programs and no undue effort need be expended to keep the machinery functioning smoothly and in the mechanics of gathering enough data on illustrated charts to prove that the machinery is operating efficiently.

Changes wrought during the past ten years have strengthened the Navy's basic research, applied research and development programs. Some of these changes have been effected by administrative order, others by Congressional action. The goal has been toward a more effective, better adminstered research program. The Navy's research and development interests are broad. They cover nearly the entire spectrum of the sciences and touch on almost every industrial field. The Navy supports work in physics, chemistry, mathematics and the earth sciences because it is interested in guided missiles, aircraft, ships and electronics gear for operation in nearly every environment. It supports the biological and psychological sciences because the Navy has a million men and their health, training and effectiveness are an important part of the Navy's readiness to fight.

Three broad general classifications are used to determine the areas to be explored.

The first classification includes scientific areas extremely important to the future readiness of the naval forces, but which may hold little or no interest for industry.

The second classification includes areas which are of vital importance to the progress of naval technology and operations and at the same time are of great significance to industry and other components of society.

One such area is solid state physics, which at war's end was the object of renewed interest among American physicists—probably because of the many materials problems which had proved troublesome in weaponry, and the discoveries and techniques which had accompanied their resolution. ONR, by means of its support, was able to preserve the full intensity of interest in solid state physics and to assure the present high level of activity in the field.

The last scientific area deals with those fields that at present appear to have comparatively remote possibilities as a source for naval exploitation, but yet there is sufficient potential to warrant modest support in order to insure awareness of these areas and rapid exploitation when the occasion arises. This is a sort of listening post activity, in recognition of the frequently short time lapse between new theory and application.

ONR conducts most of the Navy's program of basic research. Its basic research program augments the bureau programs and is based on a more generalized concept of the Navy's missions. Most of this basic research is conducted in colleges and universities—the core of any nation's scientific resources. Discoveries made there are the basis for all developmental and engineering work that subsequently leads to new products and processes.

Some research is also conducted in commercial and industrial laboratories, and non-profit laboratories and institutions. The program's objective is continued improvement and increased effectiveness of naval equipment and operations.

However, ONR does not conduct all of the Navy's research and little of its development. Each of the Navy's bureaus is responsible for developing items for which it has special technical competence. For example, new knowledge on hydrodynamics or electronics is utilized by the Bureau of Ships, which is responsible for ships and their components and shipboard equipment. In addition, the bureaus conduct their own programs of research in direct support of their developments or their own technical areas.

Occasionally ONR conducts what is called exploratory development. When this is done, ONR's research contractors work on a development until the principle is proved. The project is then turned over to the appropriate bureau. For example, ONR's Air Branch directs a program which works out and demonstrates fundamentally new concepts in the field of aeronautics, such as the very light, one-man helicopter. This is later fully developed by the Bureau of Aeronautics. The Chief of Naval Research is responsible for the technical coordination of the overall Navy research and development effort.

Rear Admiral Rawson Bennett, Chief of Naval Research, has had this to say about his R&D mission.

"Our problem in research and development is an enormous task when you consider that the Navy is the only three dimensional service. It involves operations on the sea, in the depths beneath, in the air above, and on the land bordering the sea. This means the Navy must concern itself with virtually every scientific development in every environment through all the domains of science between the poles of the earth and out into outer space. It follows also we must give attention to the health and alertness of the men who man the complex equipment of the modern Navy.

". . . let us remember the ultimate benefit. . . . without a sound continuing research and development program, there can be no national defense. When money is scarce there is a constant temptation to stick to the short range, the hardware in sight. In the long run this could be disastrous. In the long run too much economy in research and development could leave us defenseless."

Organization

Chief of Naval Research: Rear Adm. R. Bennett

Deputy & Assistant: Capt. A. B. Metsger

Deputy & Chief Scientist: Dr. T. J. Killian

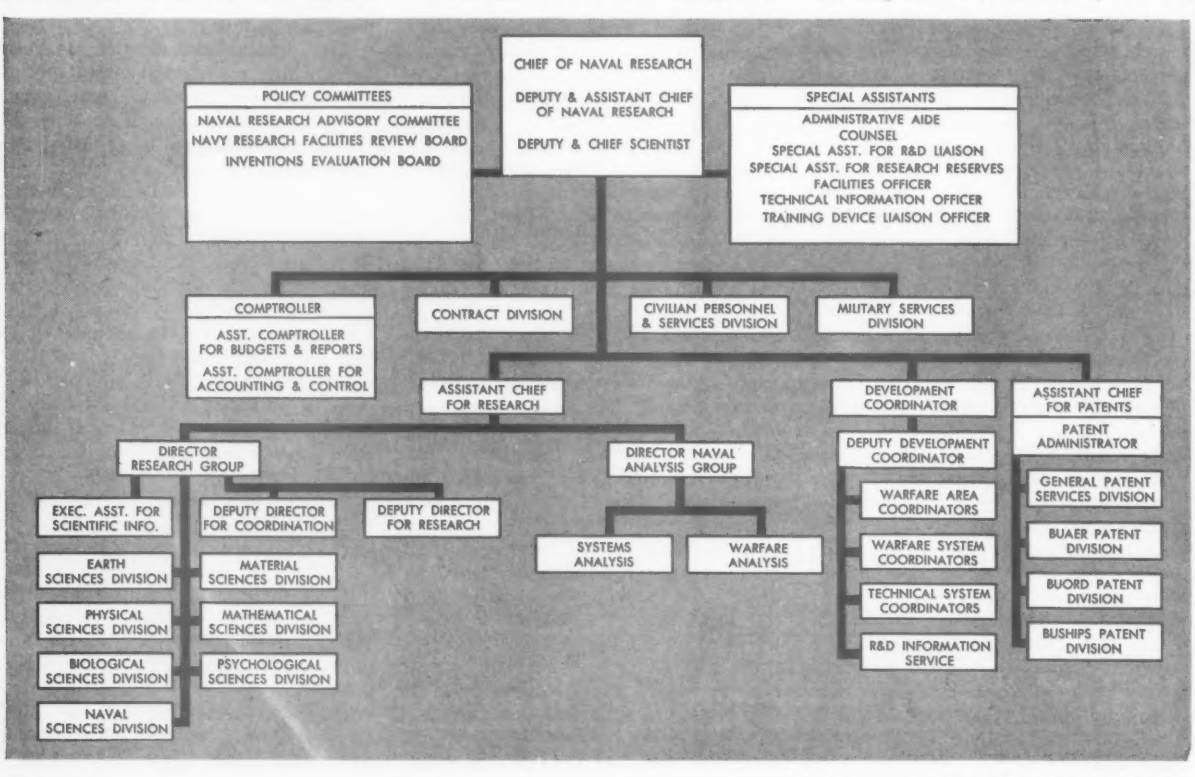
Functions include keeping the Chief, ONR, advised of findings, trends, and potentialities in research; assisting in planning and coordinating the scientific phases of naval research including administration of the program.

Policy Committees

Naval Research Advisory Committee: is the Navy's senior research advisory group; composed of persons, not to exceed 15, from civilian life who are pre-eminent in the fields of science, research, and development work; appointed by SECNAV.

Inventions Evaluation Board: A seven-member board from within ONR which provides support in reviewing and evaluating those inventions which have been referred to it for action by the Chief, ONR.

Navy Research Facilities Review Board: examines all proposals within the Department of the Navy for the



establishment of, abolishment of, or significant change in the capacity to perform research or development at any shore establishment of the Navy or Government-owned contractor-operated establishment, which are subject to review by the Chief of Naval Operations.

Special Assistants

Administrative Aide: Lt. J. M. Cogswell
Counsel: D. A. Pace
Special Asst. for R&D Liaison: R. K. Buchanan
Special Asst. for Research Reserves: Capt. A. S. Boyce

Mission is to provide an adequate, trained force of Naval Reserve personnel who shall be available for mobilization in the event of an emergency for assignment to scientific and technical billets in the Naval Establishment.

Facilities Officer: Cmdr. E. G. Cunney
Technical Information Officer: Lt. Cmdr. R. J. Mumford
Training Device Liaison Officer: J. B. Jennison

Comptroller: W. W. Edwards
Asst. Compt. for Budgets & Reports: R. C. Warsing
Asst. Compt. for Accounting & Control: H. Hyman

The Comptroller is responsible to the Chief, ONR, for the financial administration of the ONR and for the financial coordination of the research and development program of the Naval Establishment. This responsibility includes the areas of budget, accounting, fiscal, audit, and progress and statistical reporting.

Contract division: Cmdr. J. J. Shea, director

Responsible for the negotiation, administration, coordination and execution of contracts for which ONR has cognizance, and for their amendments and modifications. The Director, Contract Division, reports to the Deputy and Assistant Chief of Naval Research.

Civilian Personnel & Services division: E. McCrensky, director

Responsible for the civilian personnel program, for assisting in general administrative matters; for providing administrative, editorial, and publication services for ONR Washington; for providing Navy-wide scientific personnel consultative services; and for conducting special projects and studies relating to scientific manpower.

Military Services division: Capt. E. T. Hughes, director

Responsible for military personnel matters, security, naval communications, and mobilization plans.

Assistant Chief for Research: Capt. J. C. Myers

Research is divided into two major groups: Research and Naval Analysis. First group includes:

Director, Research Group; Deputy Director for Research; Deputy Director for Coordination; Exec. Asst. for Scientific Info.

Divisions:

Earth Sciences: Dr. J. N. Adkins
Physical Sciences: Dr. S. Silverman
Biological Sciences: Dr. R. D. Reid
Naval Sciences: Col. W. N. Flournoy (acting) USMC
Material Sciences: Dr. I. Estermann
Mathematical Sciences: Dr. F. J. Weyl
Psychological Sciences: Dr. H. E. Page

Director, Naval Analysis Group has two divisions: Systems Analysis division; Warfare Analysis division.

The Assistant Chief for Research is detailed from the active list of the Navy to direct, under the Chief, ONR, a program of research through contracts with universities, other nonprofit institutions, government and industrial laboratories. This Contract Research Program is in augmentation of and in conjunction with the research and development conducted by other activities of ONR, the bureaus, and other agencies and offices of the Navy Department. Its objective is to insure the continued improvement and increased effectiveness of naval equipment and operations.

The Research group is responsible for the technical management of ONR's contract research program. The divisions, constituting the operating units of the group, are responsible for the technical content and balance of the program under their direction, the area of interest being pretty well delineated by the division titles. Within a division's assigned technical area, the division director is responsible for directing a program of contract research and development in support of naval technology and operations and for coordinating such research with related programs in the Naval Establishment. They assume the responsibility for the quality of programs in their areas and their applicability to naval needs.

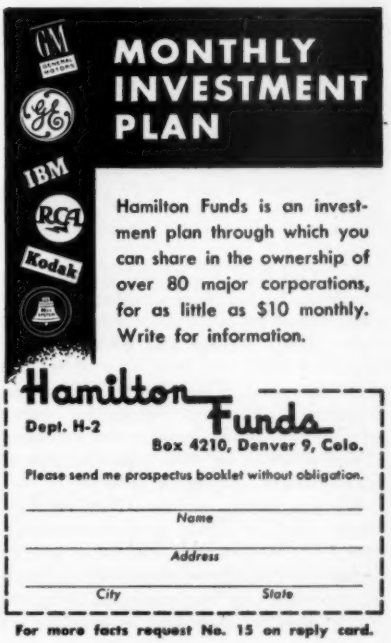
The Analysis group undertakes studies and analyses to provide bases for fleet tactics and doctrines. In particular, it determines trends, potentialities, and achievements of scientific research and development with respect to their probable effect on naval operations; evaluates naval weapons systems contained in the naval R&D program to assist in the determination of a balanced program; recommends programs based on findings from fleet tactics studies and analyses of new threats and countermeasures.

Development Coordinator: Dr. R. O. Burns

The development coordinator has the mission of technical coordination of all phases of materiel development in the Navy. He represents the Chief, ONR, as principal technical adviser to the Assistant Secretary of the Navy (Air) on all development matters; coordinates technically the development programs of the several bureaus; and collaborates in the formulation of the principal Navy development programs.

Assistant Chief for Patents: Capt. G. N. Robillard

Office maintains a Patent Administrator and four divisions (General Patent Services, BuAer Patent, BuOrd Patent, BuShips Patent) to furnish legal services generally throughout the Navy in the field of patents, inventions, copyrights, royalty payments, and similar matters. The responsibility is Navy-wide and ONR must provide patent service to the entire naval establishment. The primary purpose of the Navy patent program is to minimize Government liability for use of patented inventions. In addition, the Navy Patent organization cooperates with contractors engaged in research and development to protect invention rights in which the Government also has some interest.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Management of Today's Navy Medical Department

Rear Admiral Bartholomew William Hogan McC, USN, was appointed Chief of the Bureau of Medicine and Surgery, Department of the Navy, and Surgeon General of the Navy on February 15, 1955. For ten months prior to that time he had served as Deputy and Assistant Chief of Bureau. Previously he had been Commanding Officer of the Naval Hospitals at Mare Island, California, and Bethesda, Maryland, and in 1953-1954 had duty afloat as Fleet Medical Officer and Chief of Staff for Medical Matters to the Commander in Chief, Pacific Fleet.

Dr. Hogan is a Fellow of the American Medical Association, American College of Physicians, and the American Psychiatric Association; Diplomate of the American Board of Psychiatry and Neurology; and a member of the American College of Hospital Administrators. In October Dr. Hogan was elected to the Board of Trustees of the American Hospital Association. He is also a member of the House of Delegates of the American Medical Association, an Examiner for the American Board of Psychiatry, and an Associate Professor of Psychiatry at Georgetown University School of Medicine.

In addition to his degree of Doctor of Medicine, he has been awarded the honorary degree of Doctor of Laws by Mt. Saint Mary's College and Villanova College, and holds that of Doctor of Science from Boston College, Tufts College and Marquette University. He is the author of numerous professional papers including "Psychology of the Sick" and "Pharmacological Shock Therapy in Psychoses."

His war service included duty afloat as Senior Medical Officer of the aircraft carrier USS Wasp, which was torpedoed by a Japanese submarine and sunk in South Pacific waters on September 15, 1952; and of the hospital ship USS Tranquility.

By Rear Admiral B. W. Hogan MC, USN, Surgeon General of the Navy

MANAGEMENT-MINDEDNESS is essential in carrying out the mission of the Navy Medical Department, and it has long been my view, shared I am sure by the commanding officers of our naval medical activities, that the quality of medical care given our patients is influenced by the degree to which we utilize modern principles of organization, command communication, and management.

Mission, Organization

The mission of the Medical Department is to maintain maximum physical and mental effectiveness of the Navy and Marine Corps. This requires not only use of the finest medical, surgical, dental and nursing skills and techniques, but also conservation of manpower in these critical occupations as well as economy of money and materials in the interest of the taxpayer. This mission has four phases: promotion of physical fitness, prevention and control of diseases and injuries, care of the sick and the injured, and research. It is affected by most phases of Navy life and its scope is worldwide. Changes in military concepts, techniques and materiel are reflected in the organization and operation of the Medical Department. Such organizational components of the Bureau of Medicine and Surgery as those dealing with submarine medicine, aviation medicine, and the newer fields of defense against atomic, bacteriological and chemical warfare illustrate this. Research and training facilities are vital parts of our program to keep abreast of latest developments in modern medicine, including the military specialties.

Naval hospitals, research units, dental clinics, preventive medicine units, and various types of professional and technical schools are under the direct management control of the Bureau of Medicine and Surgery. In addition, there are numerous activities under the professional cognizance of the Bureau such as the hospitals located in ships and stations.

In line with Department of Defense policy medical facilities are utilized and new ones are planned in consultation with the other military services to avoid unnecessary construction. One service may thus take care of the total prospective patient load for all services in a given local area.

Within the last year new impetus has been given to cross-servicing. The recent Dependents' Medical Care Act provides, for the first time in our history, that the dependents of uniformed personnel are legally entitled to medical care on an equal basis. With joint utilization of facilities, dependents of all three services receive authorized inpatient and outpatient care and treatment without regard to service affiliation.

Decentralization

The operation of the Medical Department is highly decentralized. As much authority and responsibility as practicable are delegated to local commanding officers so that within the limits of general instructions they may be free to solve local problems. This decentralization avoids excessive Washington superstructure and workload, and leaves local commanders in a position to act quickly and decisively in military and other emergencies.

During the past year naval hospitals treated some quarter of a million inpatients, and outpatient visits totaled nearly two and one-half million. Commanding officers of naval hospitals are directly responsible to the Surgeon General for both the professional and managerial aspects of their hospitals. In military matters they are directed by the commandant of the naval district in which the hospital is located. Careful assignment of medical officers to billets of gradually increasing responsibility helps to qualify them for command positions.

Delegation, Criteria, Follow-up

The commanding officer of a naval hospital is a naval officer, a doctor of medicine, and an administrator. He is responsible for the professional care of patients, for the administrative support of patient care, and for the safety and well-being of the entire hospital command. Nothing is done by the hospital for which he is not ultimately responsible. Only by delegation of authority from him does the surgical service perform surgery, the food service pre-

pare meals, or the maintenance division keep the buildings in repair. The commanding officer provides such a delegation by giving clear-cut assignments of responsibility, corresponding to the segments shown on his organization chart for the hospital. But any delegation of authority, in order to be effective, requires an understanding by all concerned of specific objectives and standards of performance. To establish these criteria and to follow up on results constitute a major part of the commanding officer's duty. This he accomplishes by staff meetings, informal visits around the hospital (in addition to formal inspections) and by requiring that exceptional problems be referred to him personally.

Command Communication

One of the best methods of improving a hospital's management effectiveness is by improving its system of communicating down the line through the chain-of-command to the lowest level and conversely having ideas flow from the lowest level up to the top. The time of a commanding officer is always a very scarce and valuable commodity and must be treated accordingly. He must therefore be selective in the matters to which he gives his time and attention using the well known exception principle and his chain-of-command to filter out all items which do not actually require his decision.

Use of Reports

Management in general suffers from an excess of reports and statistics. It is easier to gather and present data than to determine the realities they portray. These realities, however, are often simply described as enough, too much, behind schedule, gaining, etc. The latter are much more meaningful to a commanding officer than voluminous reports he would have little time to read and digest. A continuing effort is made in the Navy Medical Department to eliminate and discourage reporting which does not serve specific needs. The data developed in budgeting, accounting, and financial reporting can sometimes, not always, provide indicators of the hospital's requirements. The good administrator must discern the value of such background data and discard that which is not applicable to current conditions.

Financial Management

Our financial management system combines the cost accounting (required by the Bureau of the Budget of all Federal hospitals) with the Navy's appropriation accounting system. This fiscal system is an extension of performance budgeting and places emphasis on planning and performance evaluation. It also emphasizes utilization of expenditure accounts separated by object classification so that financial requirements will be forecast on the same basis that the installation incurs its obligations. Expenditure account cost centers are grouped by budget functions and these are translated into budget activities at the Bureau level. Reporting from the field in terms of budgeting and accounting is accomplished at the budget function level, but the detailed accumulation by expenditure accounting is available for local command management purposes.

Emergency Planning

Management of a naval hospital includes provision for facile conversion to an expanded organization in time of emergency. The hospital must be ready to meet the sudden demand for increased bed capacity, and plans must exist to cover procurement of supplies and equipment, additional space, and staff personnel to meet the new peak load. In short, the hospital's organization and methods must be suited not only to normal operations must must be sufficiently flexible and adaptable to cope with drastic changes.

Personnel Utilization

Optimum utilization of scarce personnel throughout the Medical Department has long been a management objective. Personnel requirements have been reviewed to substitute nonprofessional staff for professional personnel in administrative billets wherever possible. Well-trained independent duty corpsmen have been placed on smaller ships and the doctors thus replaced have been assigned to shore hospital billets. Medical officers aboard ship have been given collateral duty at adjacent shore stations when their ships were in port. Certain specialized personnel have been concentrated in special treatment centers.

The Navy's current shortage of certain types of specialists reflects a similar national shortage. Specialty training requires from two to four or more years in addition to college, medical school, and internship. In recent years doctors coming to active duty for two years' service as required by the Selective Service have provided the Navy with many well-trained specialists but often they have not come to us in the numbers required in certain specialties. Most of the doctors entering the service in the foreseeable future will be recent graduates just finishing internship. The transitory nature of obligated service and the uncertainty of the types of special training that would be represented in a

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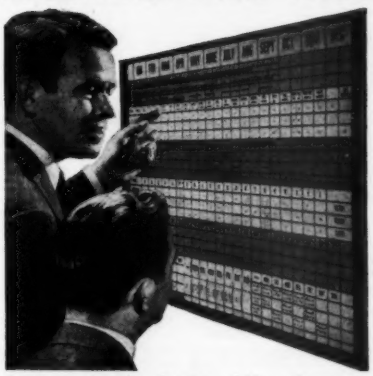

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draft call make long-range planning difficult.

The Navy's specialty training programs have therefore been developed to train clinical specialists in naval hospitals. These programs are fully approved as satisfying the requirements of the appropriate American Specialty Boards.

Administrative Functions

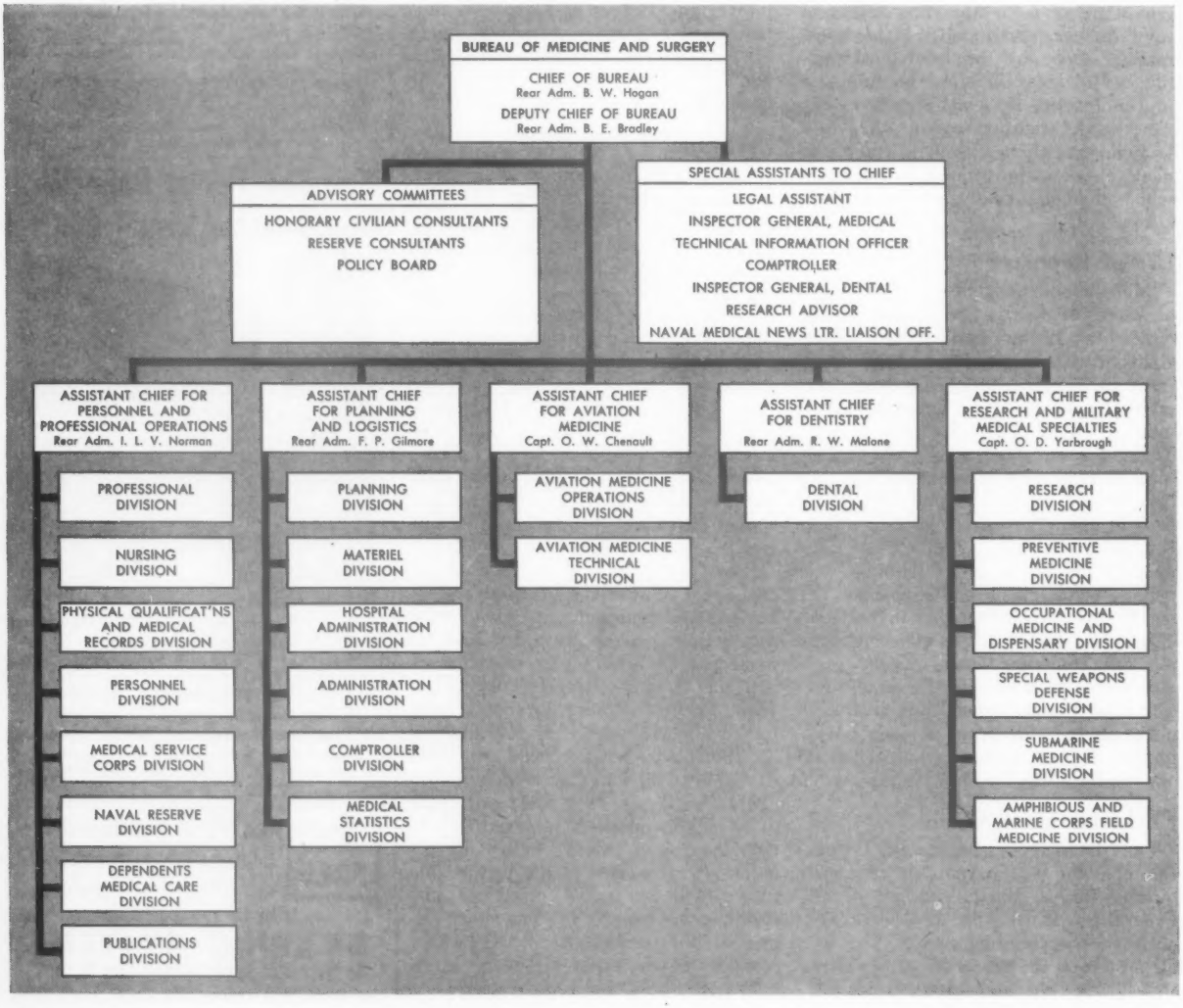
In recent years the increasing importance of the position of the hospital administrative officer has been recognized. The administrative officer is charged with responsibility for the coordination and efficient operation of all the administrative divisions of the hospital, the functions of which include: personnel administration, maintenance of records, food service, buildings and grounds, security, finance, disbursing, supply, recreation and related services. Because of the continuing need for full utilization of scarce professional skills, the administrative officer is relied upon more and more to find ways of reducing the paperwork and other administrative tasks of the professional staff.

Headquarters Assistance

Although the Bureau of Medicine and Surgery has, over the years, maintained a small management staff at the headquarters level devoted to assisting hospitals in problems of organization and methods, the growing complexity of the field of hospital administration has focused the need for greater emphasis. Accordingly, a Hospital Administration Division was established earlier this year to develop, evaluate, coordinate and advise on management and nonprofessional administrative needs of naval hospitals and other Bureau managed activities. This Division consults and maintains liaison with other organizational elements in the Bureau having a direct interest in hospital administration and with commanding officers and other officials of naval hospitals. It initiates research projects either upon its own knowledge of existing problems or upon referral of problems and suggestions by officials of the Bureau and field activities. From these it develops administrative procedures and guidelines in organization, procedures, and methods and evaluates the relative effectiveness of new administrative techniques and devices.

Conclusion

World leadership of free nations has fallen squarely on the United States. In connection with this responsibility, the Navy has gained stature by its versatility and mobility. Medical support of widely deployed forces from equatorial to frigid regions has vastly increased the complexities of managing the medical support program. The Navy Medical Department will continue to meet its increasing responsibilities, professional and administrative, in providing personnel of the military services, wherever they are, and their dependents with medical care second to none.



Department of the Navy

LISTING OF MAJOR ACTIVITIES

The following pages contain a listing of major activities. A major activity is one which meets the following criteria:

(A) At least 100 personnel on board (both military and civilian).

(B) Plant account of at least $1 million.

In addition, other activities of major budgetary significance to the Navy appear in the listing.

Bureau of Aeronautics

CONTINENTAL

Naval Air Devel. Ctr., Johnsville, Pa.
NAF Annapolis, Maryland
NAF Weeksville, N.C.
NAF Litchfield Park, Arizona
NAF Monterey, Calif.
Nav. Air Material Center, Philadelphia, Pa.
Nav. Air Missile Test Ctr., Port Hueneme, Point Mugu, Calif.
Naval Air Reserve Facility, Birmingham, Ala.
Naval Air Reserve Facility, Spokane, Wash.
Nav. Air Rocket Test Sta., Lake Denmark, N.J.
NAS Akron, Ohio
NAS Alameda, Calif.
NAS Anacostia, D.C.
NAS Atlanta, Ga.
NAS Atlantic City, N.J.
NAS New York, N.Y.
NAS Glynco, Brunswick, Ga.
NAS Brunswick, Maine
NAS Cecil Field, Florida
NAS Chincoteague, Va.
NAS Columbus, Ohio
NAS Corpus Christi, Texas
NAS Dallas, Texas
NAS Denver, Colo.
NAS Glenview, Ill.
NAS Grosse Ile, Mich.
NAS Hutchinson, Kansas
NAS Jacksonville, Florida
NAS Key West, Fla.
NAS Lakehurst, New Jersey
NAS Lincoln, Nebraska
NAS Los Alamitos, Calif.
NAS Memphis, Tenn.
NAS Minneapolis, Minnesota
NAS Moffett Field, Calif.
NAS New Orleans, La.
NAS Niagara Falls, N.Y.
NAS Norfolk, Va.
NAS Oakland, Calif.
NAS Olathe, Kansas
NAS Pensacola, Fla.
NAS Quonset Point, Rhode Island
NAS St. Louis, Mo.
NAS North Island, San Diego, Calif.
NAS Miramar, San Diego, Calif.
NAS Sanford, Fla.
NAS Seattle, Washington
NAS South Weymouth, Mass.
NAS Oceana, Virginia Beach, Va.
NAS Whidbey Is., Oak Harbor, Wash.
NAS Willow Grove, Pa.
NAAS Chase Field, Beeville, Texas
NAAS Brown Field, Chula Vista, Calif.
NAAS Cabaniss Field, Texas
NAAS Edenton, N.C.
NAAS El Centro, Calif.
NAAS Fallon, Nevada
NAAS Barin Field, Foley, Ala.
NAAS Kingsville, Texas
NAAS Mayport, Fla.
NAAS Whiting Field, Fla.
NAAS Corry Field, Florida
NAAS Saufley Field, Fla.
NAAS Ream Field, San Ysidro, Calif.
Nav. Air Tech. Training Ctr., Norman, Okla.
Nav. Air Test Ctr., Patuxent River, Md.
Naval Air Turbine Test Station, Trenton, N.J.
Naval Ordnance Plant, Indianapolis, Ind.
MCAF New River, Jacksonville, N.C.
MCAF Santa Ana, Calif.
MCAS Cherry Point, N.C.
MCAS Miami, Fla.
MCAS Quantico, Va.
MCAS El Toro, Calif.
MCAAS Beaufort, S.C.
MCAAS Mojave, Calif.

OVERSEAS

NAF Naha, Okinawa
NAF Naples, Italy
NAF Oppama, Japan
NAS Atsugi, Japan
NAS Barber's Point, T.H.
NAS Agana, Guam
NAS Guantanamo Bay, Cuba
NAS Iwakuni, Japan
NAS Pearl Harbor, T.H.
NAS Port Lyautey, F.M.
NS Argentia, Newfoundland
NS Bermuda, B.W.I.

NS Coco Solo, C.Z.
NS Kodiak, Alaska
NS Kwajalein, Marshall Islands
NS Midway
NS Sangley Point, P.I.
NS Trinidad, B.W.I.
MCAS Kaneohe Bay, Oahu, T.H.

Chief of Naval Operations
CONTINENTAL

Naval Communication Station, Newport, R.I.
Naval Communication Station, Norfolk, Va.
Naval Communication Station, San Diego, Calif.
Naval Communication Station, San Francisco, Calif.
Naval Communication Station, Seattle, Wash.
Naval Communication Station, Washington, D.C.
Naval Communication Unit No. 6, Charleston, S.C.
Hdqtrs., 1st Naval Dist., Boston, Mass.
Hdqtrs., 9th Nav. Dist., NTC, Great Lakes, Ill.
Hdqtrs., 6th Nav. Dist., Nav. Base, Charleston, S.C.
Hdqtrs., 8th Nav. Dist., New Orleans, La.
Hdqtrs., 3rd Naval Dist., N.Y., N.Y.
Hdqtrs., 5th Nav. Dist., Nav. Base, Norfolk, Va.
Hdqtrs., 4th Naval Dist., Nav. Base, Phila., Pa.
Hdqtrs., 11th Nav. Dist., San Diego, Cal.
Hdqtrs., 12th Nav. Dist., San Fran., Cal.
Hdqtrs., 13th Nav. Dist., Seattle, Wash.
Hdqtrs., Potomac River Nav. Command, Wash., D.C.
Hydrographic Office, Suitland, Md.
Naval Observatory, Washington, D.C.
Naval Security Station, Washington, D.C.
Naval Station, Green Cove Springs, Fla.
Naval Station, Key West, Fla.
Naval Station, Long Beach, Cal.
Naval Station, Naval Base, Newport, R.I.
Naval Station, New Orleans, La.
Naval Station, Naval Base, Norfolk, Va.
Naval Station, Orange, Texas
Naval Station, San Diego, Calif.
Naval Station, Treasure Is., Calif.
Naval Station, Seattle, Wash.
Naval Station, Tacoma, Washington
Naval Station, Tongue Point, Oregon

OVERSEAS

Naval Administration Unit, Saipan, Mariana Islands
Naval Communication Facility, London, England
Naval Communication Facility, Port Lyautey, French Morocco
Naval Communication Facility, Sangley Point, Luzon
Naval Communication Facility, Yokosuka, Japan
Naval Communication Station, Adak, Alaska
Naval Communication Station, Fort Amador, C.Z.
Naval Communication Station, Guam, Mariana Islands
Naval Communication Station, Kodiak, Alaska
Naval Communication Station, Pearl Harbor, T.H.
Naval Communication Station, San Juan, P.R.
Hdqtrs., 15th Naval District, Fort Amador, C.Z.
Hdqtrs., 14th Naval District, Pearl Harbor, T.H.
Hdqtrs., 10th Naval District, San Juan, P.R.
Naval Station, Adak, Alaska
Naval Station, Guantanamo Bay, Cuba
Naval Station, Pearl Harbor, T.H.
Naval Station, Rodman, C.Z.
Naval Station, Roosevelt Rds., Puerto Rico
Naval Station, San Juan, P.R.

Office of Naval Research
CONTINENTAL

Naval Research Lab., Wash., D.C.
U.S. Naval Training Device Center, Port Washington, N.Y.

Bureau of Ships
CONTINENTAL

Eng. Exper. Station, Annapolis, Md.
David Taylor Model Basin, Carderock, Md.
Underwater Sound Lab., New London, Conn.
Boiler and Turbine Lab., Philadelphia, Pa.
Naval Elect. Lab., San Diego, Calif.
Naval Radiological Def. Lab., San Francisco, Calif.
Navy Mine Defense Lab., Panama City, Fla.
Naval Repair Facility, San Diego, Calif.
Naval Shipyard, Boston, Mass.
Naval Shipyard, Puget Sound, Wash.
Naval Shipyard, Brooklyn, N.Y.
Naval Shipyard, Long Beach, Calif.
Naval Shipyard, Charleston, S.C.
Naval Shipyard, Philadelphia, Pa.
Naval Shipyard, Portsmouth, N.H.
Naval Shipyard, Portsmouth, Va.
Naval Shipyard, San Francisco, Calif.
Naval Shipyard, Mare Island, Calif.
Submarine Base, New London, Conn.

OVERSEAS

Naval Base, Subic Bay, Luzon, P.I.
Ship Repair Facility, Guam, Mariana Islands
Ship Repair Facility, Subic Bay, Luzon, P.I.
Ship Repair Facility, Yokosuka, Japan
Naval Shipyard, Pearl Harbor, T.H.
Naval Station, Guam, Mariana Islands
Submarine Base, Pearl Harbor, T.H.
Naval Station, Subic Bay, Philippine Is.

Bureau of Ordnance
CONTINENTAL

NAD Bangor, Bremerton, Wash.
NAD Crane, Ind.
NAD Earle, N.J.
NAD Fallbrook, Calif.
NAD Hastings, Nebr.
NAD Hawthorne, Nev.
NAD Hingham, Mass.
NAD McAlester, Okla.
NAD Charleston, S.C.
NAD New Orleans, La.
NAD Fort Mifflin, Pa.
NAD St. Juliens Creek, Va.
NAD Mare Island, Vallejo, Calif.
Nav. Ammunition & Net Depot, Seal Beach, Calif.
Nav. Av. Ord. Test Station, Chincoteague, Va.
Central Torpedo Office, Newport, R.I.
Naval Gun Factory, Washington, D.C.
Nav. Ord. Lab., Corona, Calif.
Nav. Ord. Lab., White Oak, Md.
Naval Magazine, Port Chicago, Calif.
Naval Mine Depot, Yorktown, Va.
Naval Net Depot, Melville, R.I.
Naval Net Depot, Tiburon, Calif.
Naval Ord. Missile Test Fac., White Sands Proving Ground, N.M.
Naval Ordnance Plant, Forest Park, Ill.
Naval Ordnance Plant, Louisville, Ky.
Naval Ordnance Plant, Macon, Ga.
Naval Ordnance Plant, Pocatello, Idaho
Naval Ordnance Plant, South Charleston, W. Va.
Naval Ordnance Plant, York, Pa.
Naval Ordnance Test Station, China Lake, Calif.
Naval Powder Factory, Indian Head, Md.
Naval Proving Ground, Dahlgren, Va.
Naval Torpedo Station, Keyport, Wash.
Naval Underwater Ordnance Station, Newport, R.I.

OVERSEAS

Naval Ammunition Depot, Oahu, T.H.
Naval Magazine, Guam, M.I.
Naval Magazine, Subic Bay, Luzon, P.I.

Bureau of Personnel
CONTINENTAL

Armed Forces Staff College, Norfolk, Va.
Fleet Air Defense Training Center, Dam Neck, Virginia Beach, Va.
Naval Amphibious Base, Coronado, San Diego, Calif.
Naval Amphibious Base, Little Creek, Norfolk, Va.
Naval Barracks, Bremerton, Wash.
U.S Fleet Air Defense Training Center, San Diego, Cal.
Fleet Training Center, Naval Base, Norfolk, Va.
Fleet Training Center, Naval Station, San Diego, Cal.
Naval Home, Philadelphia, Pa.
Naval Receiving Station, Boston, Mass.
Naval Receiving Station, Brooklyn, N.Y.
Naval Receiving Station, Charleston, S.C.
Naval Receiving Station, Philadelphia, Pa.
Naval Receiving Station, Washington, D.C.
Naval Retraining Command, Norfolk, Va.
Naval Retraining Command, Portsmouth, N.H.
Naval Retraining Command, Camp Elliott, San Diego, Cal.

Naval Training Center, Bainbridge, Md.
Naval Training Center, Great Lakes, Ill.
Naval Training Center, San Diego, Calif.
Naval Academy, Annapolis, Md.
Fleet Sonar School, Key West, Fla.
Fleet Sonar School, San Diego, Calif.
Naval Schools Mine Warfare, Yorktown, Va.
Postgraduate School, Monterey, Calif.
Navy Supply Corps School, Athens, Ga.
Adv. Undersea Weapons School, Key West, Fla.
Naval War College, Newport, R.I.

OVERSEAS

Naval Fleet Training Center, Pearl Harbor, T.H.

Bureau of Supplies & Accounts

CONTINENTAL

Naval Av. Supply Depot, Philadelphia, Pa.
Aviation Supply Office, Philadelphia, Pa.
U.S. Navy Finance Center, Cleveland, Ohio
Electronics Supply Office, Great Lakes, Ill.
Ordnance Supply Office, Mechanicsburg, Pa.
Ships Parts Control Center, Mechanicsburg, Pa.
Naval Supply Activities, New York, N.Y.
Naval Supply Center, Norfolk, Va.
Naval Supply Center, Oakland, Calif.
Naval Supply Depot, Bayonne, N.J.
Naval Supply Depot, Great Lakes, Ill.
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Naval Supply Depot, Seattle, Wash.
Naval Supply Depot, Spokane, Wash.
General Stores Supply Office, Philadelphia, Pa.
Yards & Docks Supply Office, Port Hueneme, Calif.

OVERSEAS

Naval Supply Center, Pearl Harbor, T.H.
Naval Supply Depot, Guam, Mariana Is.
Naval Supply Depot, Guantanamo Bay, Cuba
Naval Supply Depot, Subic Bay, P.I.
Naval Supply Depot, Yokosuka, Japan

Bureau of Medicine & Surgery

CONTINENTAL

Naval Hospital, Annapolis, Md.
Naval Hospital, Bainbridge, Md.
Naval Hospital, Beaufort, S.C.
Naval Hospital, Bethesda, Md.
Naval Hospital, Bremerton, Wash.
Naval Hospital, Camp Lejeune, N.C.
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Naval Hospital, Jacksonville, Fla.
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Naval Hospital, Portsmouth, Va.
Naval Hospital, Quantico, Va.
Naval Hospital, St. Albans, L.I., N.Y.
Naval Hospital, San Diego, Calif.
Naval Hospital, Mare Island, Calif.
National Naval Medical Center, Bethesda, Md.
National Naval Medical Research Inst., Bethesda, Md.
Naval Medical School, Bethesda, Md.

OVERSEAS

Naval Hospital, Guam, M.I.
Naval Hospital, Guantanamo Bay, Cuba
Naval Hospital, Yokosuka, Japan

Bureau of Yards & Docks

Naval Constr. Battalion Ctr., Davisville, R.I.
Naval Constr. Battalion Ctr., Gulfport, Miss.
Naval Constr. Battalion Ctr., N.S., Port Hueneme, Calif.
Naval Civil Engineering Research & Evaluation Laboratory, Port Hueneme, Calif.
Public Works Center, Naval Base, Norfolk, Va.

OVERSEAS

Public Works Center, Naval Base, Guam, Mariana Islands
Public Works Center, Naval Base, Pearl Harbor, T.H.
Pub. Wks. Center, Naval Base, Subic Bay, Luzon, P.I.

Marine Corps

Marine Barracks, Naval Base, Philadelphia, Pa.
Marine Barracks, Norfolk Naval Shipyard, Portsmouth, Va.
Marine Corps Base, Camp Lejeune, N.C.
Marine Corps Base, Camp Pendleton, Calif.
Marine Corps Clothing Depot, Philadelphia, Pa.
Marine Corps Supply Center, Albany, Ga.
Marine Corps Supply Center, Barstow, Calif.
Marine Corps Supply Forwarding Annex, San Francisco, Cal.
Marine Corps Supply Forwarding Annex, Portsmouth, Va.
Headquarters Battalion, Headquarters Marine Corps, Washington, D.C.
Marine Corps Recruit Depot, Parris Island, S.C.
Marine Corps Recruit Depot, San Diego, Calif.
Marine Corps Schools, Quantico, Virginia

OVERSEAS

Marine Barracks, N.O.B., Guantanamo Bay, Cuba
Marine Barracks, Naval Base, Pearl Harbor, T.H.
Camp H. M. Smith, USMC, Halawa Heights, Oahu, T.H.

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Armed Forces Management Association News

To AFMA Chapters

If you have items of timely interest send them to PUBLICITY DIRECTOR, Armed Forces Management Assn., 1635 N. Woodstock St., Arlington 7, Va.

In conjunction with the program for corporate membership and joint participation of industry and AFMA in seminars of common interest, plans are being formulated for selected members of industry to work with a committee of AFMA in developing seminar projects. Local AFMA chapters provide direct contact and participation.

AFMA Chapter Items

New York Chapter has nominated Dr. Lillian Gilbreth and Mr. William S. Wilcox for honorary membership in AFMA because of their contributions to AFMA. At the September meeting Dr. Gilbreth addressed the members on the "Human Side of Automation." Mr. Wilcox of Socony Mobile Oil Co. spoke to the Chapter members on "Suggestion Systems."

In the St. Louis, Mo. area Mr. Eugene Andrews, Military Personnel Records Center, 9700 Page Boulevard, is organizing a chapter of AFMA. Any of the agencies in the area which are interested in affiliation should contact Mr. Andrews.

Comments by Key Navy Personnel:

W. B. Franke, Under Secretary of the Navy

" . . . I am in accord with the objectives of the Armed Forces Management Association, and hope that its membership and its contribution toward management improvement will continue to increase . . . "

F. A. Bantz, The Assistant Secretary of the Navy (Material)

" . . . I assure you that I subscribe fully to the progressive purpose of your organization. Your interest to disseminate to your members and interested Department of Defense officials new techniques and methods for improving management of our national military resources is commendable . . . "

Admiral Arleigh Burke, USN, Chief of Naval Operations

" . . . I believe the interchange of management ideas will be of assistance in promoting new ideas and better management methods in the Department of Defense. I concur with the objectives of your Association and hope that it continues to increase its membership and its effectiveness in promoting management improvement . . . "

General R. McC. Pate, USMC, Commandant, Marine Corps

" . . . I feel certain that you will make a significant contribution toward increasing the understanding of common problems in the area of effective and economical management which all military departments must solve . . . "

Admiral H. D. Felt, USN, Vice Chief of Naval Operations

" . . . The objectives of your Association —management improvement through interchange of information pertaining to management matters and techniques, the voluntary study and reporting on special problems, and perpetuating the spirit of good will among employees of the Defense Department—are commendable and most worthwhile. An organization comprised of members voluntarily and unselfishly giving of their time and efforts in pursuing these objectives can make an important contribution in solving the many increasingly complex problems with which we are confronted . . . "

Organization Academy Growing

As the first educational institution in history to publicly profess a science of organization for human enterprise for any purpose (business, government, military, or social), *The Academy of Organizational Science* was founded in San Antonio, Texas, on June 20, 1956, by Colonel Leland B. Kuhre, USA-Ret. as a non-profit organization.

Now entering its second year of disseminating and teaching *Atorgenics*, the Academy has already attracted a large and growing membership; it has held meetings of members and friends in Chicago, Pittsburgh, St. Louis, and Washington, D. C.; it has established a monthly periodical named *Atorgenics Aspects* with a steadily growing and paid circulation; and its schedule of instruction to both military and civilian organizations is already overtaxing its present capacity.

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Electrical Engineers GS-9 to 12
Marine Engineers GS-9 to 12
Electronic Engineers GS-9 to 12
Physicists GS-9 to 12
Amphibious Combat Vehicle Design Engineer GS-7 to 11
Technologists (Packaging and Packing) GS-7 to 11
Chemical Engineer GS-5 to 11
Welding Engineer GS-11
Electronic Scientist GS-12
Hydraulic Systems Engineer GS-12

Industrial Relations Department
U.S. Naval Torpedo Station
Keyport, Washington

Supervisory Ordnance Engineer GS-12
Ordnance Engineer GS-11
Ordnance Engineer GS-9
Electronic Engineer GS-11
Electronic Engineer GS-9
Physical Metallurgist GS-11
Analytical Statistician (General) GS-10
Mathematical Statistician GS-11
Mathematical Statistician GS-9
Civil Engineer GS-9
Maintenance Engineer GS-9
Mechanical Engineer GS-9
Electrical Engineer GS-9
Mechanical Engineer GS-11
Psysicist (Sound) GS-9

U.S. Naval Repair Facility
San Diego 36, Cal.

Civil Engineer GS-9

2nd Coast Guard District
St. Louis, Missouri

Electronics Engineer (Radio) GS-9

3rd Coast Guard District
New York, New York

Civil Engineer GS-11

5th Coast Guard District
Norfolk, Virginia

Electronics Engineer (Radio) GS-9

7th Coast Guard District
Miami, Florida

Electrical Engineer GS-11

9th Coast Guard District
Cleveland, Ohio

Architect (General) GS-11
Marine Engineer GS-11
Civil Engineer GS-9
Safety Engineer GS-9

11th Coast Guard District
Long Beach, California

Electronics Engineer (Radio) GS-11

12th Coast Guard District
San Francisco, California

Mechanical Engineer GS-11

13th Coast Guard District
Seattle, Washington

Civil Engineer GS-11

14th Coast Guard District
Honolulu, T. H.

Civil Engineer GS-9

Washington Radio Station
Alexandria, Virginia

Electronics Engineer (Radio) GS-9
Maintenance Engineer GS-9

U.S. Coast Guard Headquarters
Washington, D. C.

Naval Architect GS-12
Electrical Engineer GS-12
Aircraft Design Engineer GS-12
Electrical Engineer GS-11
Structural Engineer GS-11
Naval Architect GS-9

Marine Corps Supply Center
Barstow, California

Supervisory Electrical Engineer GS-12
Supervisory Mechanical Engineer GS-12
Electrical Engineer GS-11
Mechanical Engineer GS-11
Civil Engineer GS-9
Engineering Designer (Electrical) GS-9

Navy Overseas Employment Office (Pacific)
45 Hyde Street
San Francisco 2, Cal.

Engineers
Civil GS-12, Philippines
Electronics GS-13, Philippines
Electronics GS-13, Guam
Electronics GS-12, Hawaii
Electronics GS-11, Guam
Electronics GS-11, Hawaii
General GS-12, Hawaii
General GS-11, Hawaii
General GS-9, Hawaii
General GS-9, Guam
Industrial GS-11, Hawaii
Ordnance GS-12, Hawaii

Miscellaneous
*Accountant GS-9, Philippines
Position Classifier GS-11, Philippines

Industrial Trades Supervisors
*Chief Quarterman
Welder (Comb) Philippines
*Head Melter (Elec) Guam

Journeyman
Electrician (telephone) Guam
Electronics Mechanic, Hawaii
*Applicants must have Civil Service status

Industrial Relations Officer
U.S. Naval Avionics Facility
Indianapolis 18, Indiana

Fire Control Design Engineer GS-9
Fire Control Design Engineer GS-11
Electronic Engineer GS-9
Electronic Engineer GS-11
Mechanical Engineer GS-9
Mechanical Engineer GS-11
Electrical Engineer GS-9
Electrical Engineer GS-11
Electronic Scientist GS-9
Electronic Scientist GS-11
Mathematician GS-9
Mathematician GS-11
Physicist GS-9
Physicist GS-11

Industrial Manager USN 9ND & Supervisor of Shipbuilding USN & NIO
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Great Lakes, Illinois
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Naval Architect GS-12
Supervisory Ordnance Engineer GS-12
Electronics Engineer GS-9

U.S. Naval Hospital
Corpus Christi, Texas

Clinical Psychologist (General), GS-12, (Female only)

Department of the Air Force
Washington 25, D. C.
U.S. Vacancies

Civil Engineer (Planning), GS-12, Langley AFB, Va.
Electrical Engineer, GS-11, Laredo AFB, Tex.
Architectural Engineer, GS-11, Laughlin AFB, Tex.
Electrical Engineer, GS-11, Laughlin AFB, Tex.
Safety Engineer, GS-9, Lincoln AFB, Nebr.
Electrical Engineer, GS-11, Loring AFB, Me.
General Engineer, GS-12, Luke AFB, Ariz.
Mechanical Engineer, GS-11, Mallory AFS, Tenn.
Civil Engineer (Airfields Pavements), GS-12, March AFB, Calif.
A/C Modification Design Engineer, GS-11, McClellan AFB, Calif.
Industrial Engineer, GS-11, 9, McClellan AFB, Calif.
Industrial Engineer, GS-11, Moody AFB, Ga.
Safety Engineer, GS-9, Mountain Home AFB, Idaho
Civil Engineer, GS-11, Nellis AFB, Nev.
General Engineer, GS-11, New Castle AFB, Dela.
A/C Modification Design Engineer, GS-11, Norton AFB, Calif.
Aero Power Plant Design Evaluating Engineer, GS-11, Norton AFB, Calif.
Electronic Engineer, GS-11, Norton AFB, Calif.
Safety Engineer, GS-11, Norton AFB, Calif.
Industrial Engineer, GS-11, Norton AFB, Calif.

Overseas Vacancies

Architectural Engineer, GS-11, Azores & Newfoundland
Mechanical Engineer, GS-11, Newfoundland, Tripoli & Alaska
Electrical Engineer, GS-11, Newfoundland

Civilian Personnel Office
Raritan Arsenal
Metuchen, New Jersey

Electrical Engineers GS-9 and 11
Mechanical Engineers GS-9 and 11
Ordnance Engineers GS-9 and 11
Technical Writers GS-9

Employment Officer
Navy Department
David Taylor Model Basin
Washington 7, D. C.

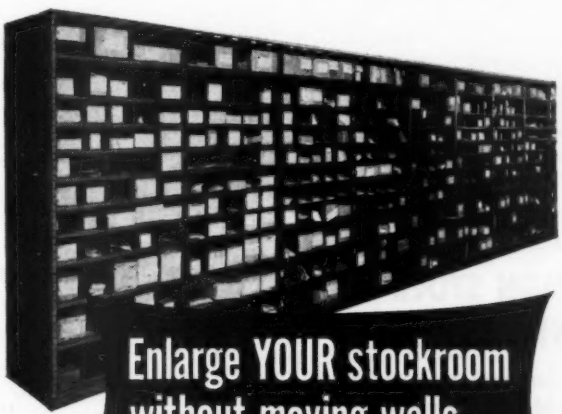
Technical Director, Hydromechanics Laboratory

Civilian Personnel Officer
Ogden Air Materiel Area,
Hill Air Force Base, Utah

Program Manager (Procurement & Production) GS-15
Assistant Director of Maintenance Engineering GS-15
Medical Officer GS-12
Aeronautical Engineer (Structural) GS-11
Electronic Engineer (General) GS-11
Supervisory Industrial Engineer GS-11
Electronic Engineer (Wire Communications) GS-9
Electronic Engineer (Radio) GS-9
Industrial Engineer GS-9
Aeronautical Engineer (Structural) GS-9
Mechanical Engineer GS-9
Analytical Statistician (Operations & Administration) GS-9
Chemist GS-9

U.S. Army Engineer District, Garrison
Corps of Engineers
Riverdale, North Dakota

Civil Engineer (Reports) GS-11
Electrical Engineer GS-11
Electrical Engineer GS-9
Hydraulic Engineer GS-11
Mechanical Engineer GS-11
Mechanical Engineer GS-9



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BUSINESS AND FINANCE

by W. Mac Stewart
Vice President, Research, Hamilton Management Corporation

Readers Ask Investment Questions

This month Mac Stewart devotes the entire page to some of the questions sent in by readers during this current series on investments. Most of these have already been answered by mail, but in the belief that other readers may have the same question in mind, they are published here. Questions concerning individual issues or personal investment problems are omitted, as they are answered personally by mail.

Q. What is the advantage, if any, of investment company shares over building one's own portfolio of stocks?

A. This was covered in the July and August articles on this page. However, to review the points briefly—In my opinion there are several advantages. First, of course, is that a fund provides the safety of diversification that few individual investors can afford—with your dollars spread over several major industries, and 75, 100, or more companies. Second, few investors can spend the many, many hours per week necessary to thoroughly study the thousands of securities available in order to make wise selections and make the frequent changes necessary in their portfolio, nor do they usually have the specialized training or extensive facilities needed. A fund provides this professional full-time management. Third is cost. Because the cost of management service is spread between thousands of investors, it becomes inexpensive in relation to the amount of service received by each investor. Convenience is another benefit—with one certificate, one company to deal with, one place to make payments, one dividend check, and all bookkeeping and other details handled for you. In most cases, final result is another advantage. Several large institutions that formerly handled their own portfolios have switched over to investment funds because they proved to their own satisfaction that a fund could give them better results at a lower cost. Bear in mind that when you invest in a mutual fund you are paying for professional management of your money. This service costs you a small sales charge which is deducted from the money you invest in the fund, plus a nominal management fee that is deducted from earnings. In my own opinion, mutual funds are well worth the small cost to the investor. I may be considered biased because of my own association with a fund; however, the bulk of my own portfolio is in investment fund shares.

Q. What is the advantage of tax-exempt municipal bonds?

A. The principal advantage of tax-exempt bonds is to the investor in a high income tax bracket. Such an individual may be able to net more income from a low-return municipal bond than from a higher return from another source that is taxable. For example, a man in the 60% tax bracket would have to get 7.5% from a taxable investment to equal the net return he would receive from a 3% tax-exempt bond. However, because of their lower yield, there is little or no advantage to the average investor, who is in the 20% to 30% tax bracket. Further, municipal bonds generally offer few prospects of appreciation in value.

Q. What is the brokerage fee for buying stocks from a dealer?

A. On listed securities the New York Stock Exchange has established a fee schedule required for use by all member firms. On purchases of less than $100, fees may vary somewhat from broker to broker. However, the fee for a purchase under $100 is usually 6%. If your purchase buys less than 100 shares you also pay an Odd Lot charge of 12½¢ per share if the stock sells for less than $40 per share, or 25¢ per share if it sells for $40 or more. On purchases of $100 or more, the minimum fee is $6. On larger purchases, of course, the fee rate decreases. When you sell your stock, you pay at the same rate again. If dividends are reinvested, the same rates apply again on each dividend. Rates on other major exchanges are generally the same as the NYSE, with minor exceptions. Although established issues may be purchased through a dealer at 2% to 5% commission, on original issues of over-the-counter securities the sales cost will vary, sometimes as high as 20%, and is generally included in the offering price of the shares. Resale costs of over-the-counter securities vary widely, depending upon the dealer and the circumstances.

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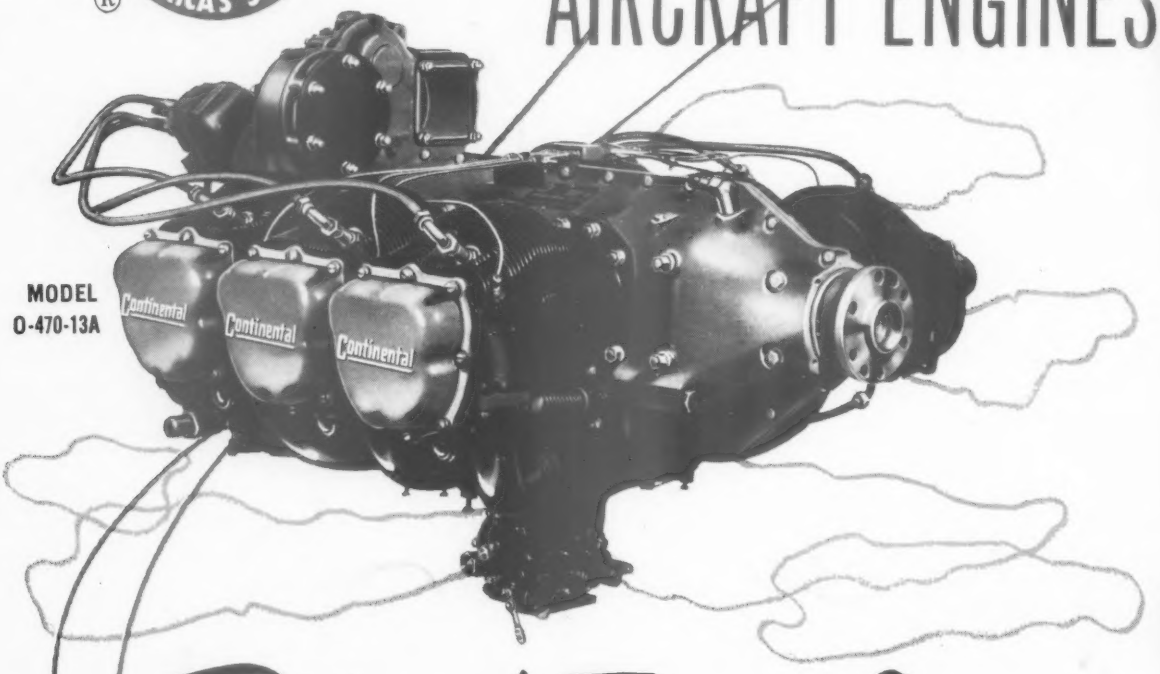

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